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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 1998



City of Boston

Massachusetts

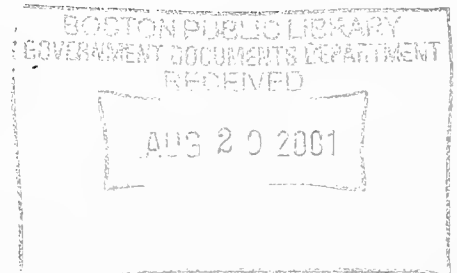
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1998

Thomas M. Menino, Mayor

Edward J. Collins, Jr., Chief Financial Officer

Sally D. Glora, City Auditor



Prepared by the City of Boston Auditing Department



Photographs provided by Anne Marie Rowlands, City of Boston Photographer

Cover and divider production by the City of Boston Graphic Arts Department

Cover photo: U.S.S. Constitution sailing in Boston Harbor for its 200 Anniversary

Back Photo: Frog Pond Skating Rink, Boston Common

City of Boston, Massachusetts
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1998

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INTRODUCTORY SECTION



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Auditing Department

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December 11, 1998

***The Honorable Mayor and
Members of the City Council:***

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Boston ("City") for the fiscal year ended June 30, 1998. The accuracy of the financial statements together with the completeness and fairness of their presentation are the responsibility of the City's management. The enclosed data are accurate in all material respects and all disclosures necessary have been included to present fairly the financial position of the City. The financial position and results of operations of the various funds and account groups have been prepared in accordance with generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). The requirements of State finance law of the Commonwealth of Massachusetts and the City Charter have also been satisfied.

The report is presented in three sections: (1) the Introductory Section includes general information about the City and summarizes financial activity for the fiscal year; (2) the Financial Section includes the Independent Auditors' Report on the City's general purpose financial statements, the General Purpose Financial Statements and the Combining and Individual Fund Financial Statements and Schedules for the various funds and account groups including required supplemental information; and (3) the Statistical Section includes financial data, debt computations, and a variety of demographic, economic and supplemental statistical information concerning the City.

In addition to all funds and account groups of the City, the report includes component units included in the City's reporting entity because of the significance of their operational and/or financial relationship with the City as required by GASB Statement No. 14. The State-Boston Retirement System (S-BRS) has been presented as a blended component unit because it provides services almost exclusively to the primary government. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City but are included because the City is financially accountable for and is able to impose its will on the organization. The following component units have been discretely presented in the General Purpose Financial Statements: Boston Redevelopment Authority, Economic Development Industrial Corporation, Boston Public Health Commission and Trustees of the Public Library of the City of Boston.

The Commonwealth of Massachusetts, through Chapter 190 of the Acts of 1982, requires that the City undergo an annual audit performed by a firm of independent public accountants. The City has selected the firm of KPMG Peat Marwick LLP to perform the June 30, 1998 audit. This audit is conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. The

Thomas M. Menino, Mayor
Sally D. Glora, City Auditor

audit provides an independent review to help assure a fair presentation of the City's financial position and results of operations.

The City also undergoes an annual audit of its Federal grant funds as required by the Single Audit Act. KPMG Peat Marwick LLP issues separate reports on the City's internal control systems and compliance with applicable laws and regulations that meet the requirements of the Single Audit Act and Office of Management and Budget Circular A-133.

Economic Conditions and Outlook

The City of Boston is the economic hub of both the Commonwealth of Massachusetts and the New England region. It is a center for professional, business, financial, higher education and medical services as well as transportation, communication, export, cultural and entertainment activities. Boston is also the State capital and the host to several federal agency offices. High technology, tourism, research and development, manufacturing, and wholesale distributions also contribute to the economy of the City and its suburbs.

The City of Boston is the twentieth largest city in the United States. In 1996, the City had a population of 558,394, as estimated by the most recent Census Bureau data, and the number of people who work in Boston had increased to 651,309 by the end of calendar year 1997. The ratio of jobs to population indicates that the City provides a direct source of employment and income for an area that extends well beyond its borders. Measured in terms of jobs, the City's economy comprises approximately 17% of the Massachusetts economy and 8% of that of the six New England states. The population of Boston is young, in part because of the high concentration of younger adults who come to the City to attend school or to work. Another characteristic of Boston's population is shown by the racial and ethnic diversity of its residents: the racial composition is 59% white and 41% minority.

Current Economic Conditions

Economic trends for Boston remain positive, with increasing employment, declining unemployment rates, strong performance in the office and hotel markets, increasing sales volume and rising values in residential real estate, over \$1.73 billion of private development construction investment in fiscal 1998, and several large public sector projects underway to improve the infrastructure capacity of the City.

The number of employed City of Boston residents increased from 289,788 to 293,057 between August, 1997 and August, 1998, an increase of 1.1%. Boston's unemployment rate continues to decline. As of August 1998, 9,504 Boston residents were unemployed reflecting an

unemployment rate of 3.1%, slightly above the Massachusetts rate of 2.8%, but well below the national rate of 4.4%.

Between 1987 and 1997, City of Boston employment continued to shift from traditional labor intensive manufacturing jobs to technology and service jobs. Over the past ten years, the City's service industries, including transportation, communication, public utilities, finance, insurance and the full range of services, expanded their share of the City's total employment, from 62% in 1987 to 66% in 1997, while the total employment in manufacturing and trade declined from 6% to 4% and from 14% to 13%, respectively.

According to the Greater Boston Convention and Visitors Bureau (CVB), an estimated 11.1 million people visited the Boston metropolitan area in 1997. This represents an increase of 5% over the 10.6 million visitors in 1996 and a 7.8% increase over the 10.3 million visitors in 1995. Every year there are a wide variety of special events in Boston including food, cultural and musical events, ethnic celebrations, harbor, seaport and river festivals, parades, and collegiate and professional sporting events, which attract many visitors. An estimated 75 such events occur annually in addition to the regular schedules of the three major professional sports teams - the Bruins, Celtics and Red Sox. In August 1997, Boston celebrated the 200th birthday of the U.S.S. Constitution, the oldest commissioned warship in the U.S. Navy, which permanently resides in the Charlestown neighborhood of Boston.

Commercial Markets

Boston's major retail districts include Downtown Crossing and Faneuil Hall Marketplace along with Copley Place, the Prudential Center and Boylston and Newbury Streets located in the Back Bay section of the City. Retail sales in the City of Boston are estimated at \$4.5 billion annually. At least three major retail developments in downtown and the Back Bay are currently in the planning stages. Throughout the neighborhoods of Boston, 20 Main Street business districts are being revitalized with intensive renewal projects. In addition, nine new supermarkets have recently been built in the neighborhoods across the City, while two have been renovated.

The hotel market in Boston continues to be one of the nation's best. An occupancy rate of 79.6% was reported for 1997, representing a 1.5% increase from 78.4% reported in 1996. Coupled with an average daily room rate of \$161.63, these indicators reflect the strength of the Boston hotel market. Seven new hotels and two expansions were under construction as of September 1, 1998, with 1,543 new hotel rooms. The Boston Redevelopment Authority ("BRA") has also approved an additional hotel project with 196 rooms, while six other hotel projects with 1,444 rooms are currently requesting approval.

Among the twenty largest office markets, Boston ranks number two in terms of vacancy rate. As of June 1998, the vacancy rate was 4.4% as reported by the CB Commercial Office Vacancy Index. The City currently has 49.0 million square feet of office space, of which 37.0

million is rated Class A. In 1997, the renovation of a major 600,000 square foot building was the first project to add significant office space to the market in several years. In 1998, four major renovations of office space are scheduled to add 714,000 square feet of space, while some consolidation is freeing up at least another 600,000 square feet in three large buildings. For completion in 1999-2000, there are now three buildings under construction with 1.4 million square feet of new space. For 2001 and beyond, there are four buildings pending which, if completed would add another 3.2 million square feet of quality office space to the City.

Housing Market

Both housing sales volume and housing prices in Boston and the surrounding areas have shown continued strength over the last five years, following the end of a regional recession in 1992. Banker & Tradesman, a local trade journal, reported a total of 4,153 non-condominium residential sales for 1997, representing an increase of 3.8% over 1996. Sales of condominium units also increased from 3,396 in 1996 to 3,912 in 1997, representing a 15.2% increase. The National Association of Realtors reported that the median sale price of existing homes in the Boston metropolitan area was \$196,200 for 1997, a 3.6% increase from 1996 prices.

Residential development in Boston has increased slightly in the past three years. Along with two completed projects, planning and permitting are underway for five major market-rate housing developments in the Downtown, Waterfront, Park Square and Back Bay areas, which will add close to 1,000 units to the City. In addition, smaller market-rate residential developments are also occurring in the neighborhoods of the City. Affordable housing development also continues to be emphasized by the City. Over 350 units have just been completed across the City, including the neighborhoods of Chinatown, Roxbury, Dorchester, South Boston and the South End. Thirty-seven affordable developments are now underway which will yield approximately 725 new and rehabilitated units.

Seaport and Airport

The City of Boston is a major national and international air terminus, a seaport and the center of New England's rail, truck and bus service. The City is served by three limited-access interstate highways which connect it to the national highway system: U.S. 90 (Massachusetts Turnpike), which transverses the State from Boston to the New York State border; U.S. 95, the East Coast's principal north-south highway, which connects Boston to Portland, Maine to the north and New York City and Washington, D.C. to the south; and U.S. 93, another north-south highway that extends from just south of Boston to New Hampshire. Two national railroads, Amtrak and Conrail; a regional rail carrier, Boston and Maine; and a local carrier, Bay Colony, also serve the City.

The Massachusetts Port Authority (Massport) was created by the State legislature to develop and manage the City's major air and sea transportation centers and the Tobin Memorial Bridge, which spans the Mystic River. Massport is financially independent and the City of Boston is not responsible for any debt or other obligations incurred by Massport. Massport's net investment in its facilities through June 30, 1998 exceeded \$1.6 billion, consisting of \$1.1 billion invested in airports and \$500.0 million invested in the Tobin Bridge, maritime development and other capital spending. The capital program is expected to accommodate parking and vehicle unloading, to increase roadways and terminal and cargo capacity, and to result in other improvements, principally at Logan Airport.

The Port of Boston serves the six-state New England region and beyond as a natural deep-water berth, providing access to world ports as well as feeder service several times weekly to Halifax, Canada and the Port of New York and New Jersey. The City's port activity includes handling bulk and general cargo, providing ship repair supply services, offering customs and international trading services, providing storage facilities and other commercial maritime services. The Port of Boston is also a major cruise port which hosted a record 62 cruise ships with an estimated 107,000 passengers during the 1997 cruise season. The cruise port mainly operates between May and October.

In 1998, Logan International Airport was served by 59 domestic and international airlines and served a total of 25.6 million passengers making it the most active airport in New England. According to the Airports Association Council International, Logan ranks as the 17th most active airport in the nation and 27th most active in the world. In addition, Logan Airport serves as a center for processing domestic and international air cargo. Total cargo at Logan reached 767.0 million tons of freight shipped and 157.0 million pounds of mail handled in fiscal 1997.

Economic Outlook

The outlook for the economy continues to be positive. Investment by the private sector was over \$1.73 billion for active construction projects in fiscal 1998. Together with several large public sector projects, which will improve the infrastructure of the City, these investments serve as an indicator that the economy is poised for continued growth.

Through the Year 2004, the Boston metropolitan area will continue to be the site of several major public sector projects. These projects include the depression of the Central Artery, a section of U.S. 93, which is the key six-lane elevated interstate highway that carries traffic through the Downtown section of the City and the construction of a four-lane tunnel, the Ted Williams Tunnel, under Boston Harbor connecting the Downtown with Logan Airport and points north. Although the Ted Williams Tunnel is open for limited use at this time, this project remains to be completed, including the Interstate 90 extension under the Fort Point Channel. Intended to improve traffic flow within the City, these two projects are commonly referred to as the Transportation Projects and are under the control of the Commonwealth of Massachusetts. It is estimated that the Transportation Projects will employ 5,000 on-site workers and 10,000

auxiliary workers during the peak years of construction. The cost is estimated to exceed \$1.84 billion and will be funded approximately 67% by federal funds, with the Commonwealth supplying the remaining 33%.

The Massachusetts Water Resources Authority (MWRA), an independent State authority, is constructing one of the largest wastewater treatment facilities in the nation. This project, which is being undertaken pursuant to a federal district order, is scheduled for completion in 1999 with a cost of approximately \$3.82 billion. The project is intended to bring wastewater discharges in Boston Harbor into compliance with federal and state requirements. Funding for the project is through state and federal grants and loans and the issuance by MWRA of revenue bonds backed by rates and charges paid by users.

The Boston Housing Authority ("BHA") is currently undertaking major revitalization initiatives at two of its public housing developments: Mission Main, in the Mission Hill neighborhood of Boston, and Orchard Park, in Roxbury. The BHA received two "HOPE 6" grants from the Department of Housing and Urban Development, totaling \$80.0 million, to implement a new approach to public housing financing, incorporating innovative partnerships with public and private entities which will leverage additional development funds. These initiatives are designed to revitalize not only the BHA sites, but the surrounding neighborhoods as well.

Another project currently underway is the construction of the Boston Convention and Exhibition Center ("BCEC") to be located on Summer Street in the South Boston Seaport District. The BCEC will be funded by a combination of City revenue sources and those of the Commonwealth of Massachusetts, including new or increased levies on hotel occupancy and rental cars. The Massachusetts legislature approved the legislation for the project (the "Convention Center Act") on November 17, 1997. The approved plan calls for the investment of approximately \$695.0 million to develop a 1.7 million square foot convention center facility containing approximately 600,000 square feet of contiguous exhibition space as well as ballrooms, meeting rooms, banquet and lecture halls. In addition, 630,000 square feet of underground parking and 430,000 square feet of loading docks and outdoor support space will be built.

On March 11, 1998, the Mayor and the City Council approved 1) the project, and 2) the loan orders totaling \$157.8 million for site acquisition and preparation, thereby fulfilling two major requirements of the City in the Convention Center Act. Prior to the release of the funds, the legislation also required the approval by the state and the City of a marketability study that demonstrated, among other items, whether the increase of new hotel rooms in Boston and Cambridge would meet certain so-called "triggers" at specified dates. On November 20, 1998, the state's Administration and Finance Secretary and the City Chief Financial Officer approved the marketability study.

All of these major infrastructure projects increase development investment, resident jobs and wages, and spin-off spending throughout the local economy. In addition, these large public projects, by providing new and improved housing, transportation, convention, and water

treatment facilities, lay the groundwork for enlarged capacity, which will provide support for more private sector development into the 21st century.

Major Initiatives

Thomas M. Menino, mayor of the City of Boston, was re-elected in November 1997 to a second four-year term, which expires in January 2002. Mayor Menino continues his commitment to promoting initiatives in the areas of public safety, public health and public education, in addition to continuing to focus on economic development within the City of Boston.

The Menino Administration continues to make improvements to the City's management through its continued evaluation of, and investment in, technology to improve operations, including the completion of the voice and data networks within City Hall. The Management Information Services Department has recently completed a management review that will enable the department to position the City to maximize the use of technology for improved customer service, productivity and efficiency.

One such technological improvement is the build out of a Wide Area Network that will connect all City-owned facilities including schools, community centers, libraries, and administrative buildings. This fiber-rich network will carry data and video traffic and will have the capacity to carry voice traffic as well. It will be used for educational purposes and to create administrative efficiencies. The City will use a combination of public/private partnerships, discounted rates for service, and private fiber to complete the build out.

The City purchased PeopleSoft, Inc., Financial, Human Resources and Payroll applications in late December 1997. The applications will be supported by an IBM DB2 system Database. In July 1998, Andersen Consulting was hired as the City's implementation partner. The Boston Administrative Information Systems (BAIS) Project Team was formed to manage the implementation process. The Team consists of City staff representing the core functional and technical departments of the City that will be affected by the PeopleSoft applications, and Andersen staff who are experts in interpreting the functionality of PeopleSoft applications. The Project Goal is to "go live" with general ledger, accounts payable and purchasing Citywide July 1, 1999. Human Resources, payroll, time and labor, and benefits administration are expected to be up and running beginning in September 1999, with three conversions from September 1999 to December 1999. A variety of reporting and development tools were also purchased to augment the applications. As a part of the BAIS Project, the City will work towards instituting best business practices by changing current administrative processes to maximize the benefits offered by the functionality in the software applications.

The City began addressing the Year 2000 problem in 1995 with planning efforts initiated by the City's Management and Information Services ("MIS") Department. Since 1995, the City's Year 2000 project has grown in magnitude. Currently, individual City agencies are responsible

for their internal Year 2000 remediation. The MIS Department is responsible for remediation of inter-departmental systems and for Year 2000 coordination citywide, with executive oversight provided by a committee consisting of the Chief Operating Officer, the Chief Financial Officer and the Director of MIS.

The City's Year 2000 project consists of the five recognized phases of Year 2000 remediation: awareness, assessment, renovation, validation and implementation. The project prioritizes the following areas: public safety, financial systems, education, health and human services and common support systems.

Much of the City's current Year 2000 efforts are devoted to assessment and renovation, both as to internal systems and external dependencies. Full Year 2000 compliance has already been achieved for certain critical computer systems such as the real estate and personal property assessment systems which are compliant and Year 2000 ready due to re-coding; the Computer Aided Dispatch (CAD server) and the Boston Administrative Information Systems Project (BAISP), which have reached full compliance through the purchase and installation of new systems. The City anticipates substantially completing the assessment phase by the end of calendar year 1998 and expects those internal mission-critical systems and operations will be Year 2000 compliant by January 1, 2000. The City is currently working internally and with outside governmental and private sector organizations to develop comprehensive contingency plans, with an implementation date targeted for July 1, 1999.

To date, the City has expended \$8.8 million on Year 2000 remediation on some core systems and replacement of others. An additional \$26.4 million has been appropriated to date, and further appropriations are expected.

The City is working diligently to address the Year 2000 problem. However, because of the inherent complexity of the task, the City at this stage in its remediation efforts cannot provide complete assurance that the Year 2000 problem will not cause disruptions in operations or financial activities. Additionally, although the City is monitoring the remediation activities of other organizations with which it transacts business or conducts operations, failures by these organizations to resolve their Year 2000 problems could also cause disruptions to the City's operations or financial activities.

Management training continues with the City's Leadership Development Program, which provides City department heads and members of the Mayor's cabinet with opportunities to develop and enhance management skills. Additional training is provided to other City managers through the Leadership 2000 initiative. Leadership 2000 is a tool to help City managers acquire and develop leadership competencies that support excellent customer services. These include: setting and communicating priorities, encouraging customer service excellence, optimizing resources, managing performance, building collaborative relationships, attaining commitment, and leading by example. During fiscal 1998, 170 supervisors and managers attended Leadership 2000, and it is estimated that 258 will attend the program in fiscal 1999.

For the first time in the City's history, the annual update of the Five-year Capital Plan has been consolidated with the Operating Budget, presenting a unified picture of resources and goals. The Capital Plan, covering fiscal 1999 to fiscal 2003, provides information for over 600 projects with active authorizations and includes a projection of expenditures, demonstrating the commitment to "Getting the Job Done", as major projects cross the finish line.

CURRENT PROJECTS

The City's 1999-2003 Capital Plan, released on April 8, 1998 proposes new long-term investments over the next 5-7 years as well as several studies to lay the groundwork for future growth. In all, over \$1.6 billion from City and non-City sources are proposed to be spent on Capital Projects. These expenditures will be used for improvements to schools, libraries, parks and recreation, roads and bridges, as well as 20 local business districts, and include amounts expected to be expended on site acquisition and development of the proposed Boston Convention and Exhibition Center. In view of the proven economic and social benefits of consistent, long-range capital planning, the City remains committed to moving forward with its capital program.

Economic Development – To encourage economic development throughout the City, a variety of projects will be funded in the coming year. A public harborwalk at Long Wharf/T Wharf will move into the design phase in fiscal 1999 with construction slated to begin in fiscal 2000. Among the planned improvement are a brick walkway and enhanced landscaping.

A large warehouse facility at the Marine Industrial Park will be transformed into a much-needed facility for Boston youth, providing recreational boxing and locker facilities. The warehouse will also serve as a storage area for the City.

The Neighborhood Improvements through Capital Expenditures Program ("NICE"), will provide funds for improvements to City-owned property. Improvements will be identified by community committees and will be approved by the City after a selection process.

Public Safety – The City's Police and Fire Department provide and promote public safety and protection services, firefighting and fire prevention services.

The City's Police Department maintains eleven neighborhood police stations and one headquarters building. It also maintains ten support facilities, consisting of the Police Academy, Horse Stables, the Firearms Training Range, a Harbor Patrol Unit, a Fleet Management Unit, a Telecommunications Unit, an Evidence Management Facility, a Property and Supply Warehouse, a Special Operations Division and a Stress Support and Sexual Assault Unit. Since 1985, seven neighborhood-based police stations have been constructed or restored and reopened. A new Police Headquarters, substantially completed in November 1997, is equipped with modern law enforcement technologies including enhanced 9-1-1 service. Police administrative offices have been relocated to the new headquarters.

The Fire Department maintains 42 facilities consisting of 34 neighborhood fire stations, two marine units, a safety division, a fire investigation unit/maintenance division, a high-pressure

pumping station, a training academy, a fire alarm operation division and headquarters. In 1997, the Fire Department responded to 70,105 incidents, an increase of over 10% from the previous year. Of this total 29,000 responses were calls of an emergency medical nature, while over 11,000 calls were fire responses, resulting in 9 fatalities. A comprehensive needs assessment for Fire Department facilities is used to prioritize future capital investment decisions for the Department.

Public Education - The Capital Plan includes projects to improve the physical condition of the City's schools. In addition to ongoing roof replacements and heating system upgrades, the City will complete construction on three new early learning education centers. There is also an ongoing program to address any facility deficiencies in the City's high schools that may affect accreditation. Finally the Capital Plan includes a major technology upgrade throughout the entire school system.

Boston's Public Libraries have also benefited from the capital planning process. All twenty-five neighborhood branch libraries have been scheduled for building improvements. The historic McKim Library Building at the central library has undergone major renovation. Phase I renovations were begun in October 1991 and completed in October 1996. Phase II renovations commenced immediately thereafter, and include both historic and non-historic renovations that will restore key spaces to their original appearance.

Health and Environment - The Capital Plan includes \$25.0 million in capital grants through fiscal 2000 to Boston Medical Center ("BMC") for capital expenditures on the former Boston City Hospital campus, which is owned by the Boston Public Health Commission and is leased to the BMC. The Capital Plan also includes approximately \$7.8 million for additional capital improvements to the campus to correct environmental and other code compliance deficiencies, and \$3.5 million for other capital projects on the campus.

Government Effectiveness - Capital investment has supported the City's commitment to efficient, effective municipal management by building a physical infrastructure that is strong and adaptive. Substantial investment has been made in capital improvements, technological advances, and equipment for maintenance programs to improve safety conditions, decrease operating costs and provide better service delivery. A new initiative is underway to create a fiberoptic network connecting City departments, agencies, facilities and community organizations. The primary objective of the project is to increase communications infrastructure capacity for the City's telecommunications requirements, resulting in greatly reduced operating communications cost for the City.

FUTURE PROJECTS

Assuming satisfaction of all of the requirements of the Boston Convention and Exhibition Center ("BCEC") enabling legislation, site acquisitions will begin during fiscal 1999 and construction will commence soon thereafter. The City of Boston, acting through the Boston Redevelopment Authority ("BRA"), will be responsible for site acquisition and site preparation as well as demolitions and environmental remediation while the Massachusetts Convention

Center Authority ("MCCA") will be responsible for project design, construction and management. Completion is scheduled for the year 2003.

A variety of studies are planned to enhance economic development activities. These include the ongoing analysis to determine the best public uses for City Hall Plaza; Boston 2000 to explore land use and development for new areas created by the Central Artery/Third Tunnel Project; and Boston 400, a comprehensive master planning process to determine infrastructure investment and economic development into the next century.

SERVICE ACCOMPLISHMENTS

Promoting the health and well being of Boston's residents continues to be one of the Mayor's primary initiatives. Promoting the availability of quality and affordable health care and a comprehensive approach to environmental management to ensure healthful, robust families will in turn create strong and productive communities. The Boston Public Health Commission, in partnership with the Boston Health Net, a coalition of neighborhood health centers, administers public health services and emergency ambulance services provided by the City. The Boston Medical Center, a non-profit hospital created from the merger of the City's two hospitals with the Boston University Medical Center Hospital, serves as a national model for mergers of public and private hospitals. Together, these three organizations have allowed Boston to treat more under-insured patients than ever before, to reduce emergency room visits by providing state-of-the-art healthcare in the neighborhoods and to become the number one city in the nation for child immunizations.

During fiscal 1998, the City instituted an additional benefit for employees: the Dependent Care Flexible Benefit Plan. This Plan helps employees pay for child-care expense, with pre-tax dollars.

During fiscal 1998, the City prepared for the July 1, 1998 opening of its Taxpayer Referral and Assistance Center ("TRAC"). TRAC provides one-stop service to taxpayers on matters or questions related to real estate, personal property, and motor vehicle excise taxes. TRAC consolidates services that had previously been separately provided by the City's Assessing Department and the Collecting Division of the City's Treasury Department.

Accounting System and Budgetary Control

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise each fund's assets, liabilities, fund balance, revenues and expenses. An integrated computerized financial accounting system is maintained by the Auditing Department to record transactions within these accounts. The Auditing Department also maintains an encumbrance accounting system. This

system accounts for the City's purchase orders, service orders and other contractual commitments. The City budgets and maintains its books and records on a statutory basis of accounting prescribed by the Commonwealth of Massachusetts. This basis of accounting differs from generally accepted accounting principles.

The City's management is responsible for establishing and maintaining internal accounting controls designed to provide reasonable, but not absolute, assurance that the assets of the City are safeguarded from loss, theft or misuse. In addition, the internal control structure reasonably assures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. The City Auditor is responsible for evaluating the adequacy and effectiveness of the control structure, and the Auditing Department conducts a periodic evaluation of the control structure's effectiveness.

As a part of its internal control structure, the City maintains budgetary controls. The objective of these controls is to ensure compliance with the legally mandated budget adopted by the City Council. Activities of the General Fund are included in the annual budget. The budgets within the Special Revenue Fund are established based on specific grant requirements or specific legislation, but are not subject to City Council approval. The Capital budget reflects long-term needs financed primarily through issuance of bonds. This multi-year budget is subject to approval by the City Council. Specific budgets are established for each capital project prior to its inception.

The function and activity within the individual fund establishes the level of budgetary control. Budgetary control in this context means the level at which expenditures cannot legally exceed the appropriated amount. In the case of the General Fund, this control is at the department level. In the case of the Special Revenue and Capital Projects Funds, the control is at the grant or project levels respectively. All of these budgetary controls reside within the City's financial system and are monitored by the Office of Budget Management and the Auditing Department to ensure compliance.

The Federal Single Audit Act requires the City to have an annual independent audit conducted on the federal financial assistance it has received. This audit is conducted simultaneously with the City's annual financial statement audit.

A significant portion of the Single Audit work is devoted to evaluating the City's internal control structure. The evaluation includes tests of a significant number of individual federal grant transactions that occurred during the fiscal year. The Single Audit work also requires that the auditor determine whether the organization has complied with laws and regulations that may have a material effect on each of its major federal financial assistance programs. All of the City's major federal programs are evaluated for the adequacy of internal controls and compliance with laws and regulations.

The City's Single Audit report for the year ending June 30, 1998 included no instances of material weaknesses in the internal control structure, nor were any significant violations of the applicable laws and regulations reported. The report is publicly issued under a separate cover. In addition to the annual audit of the federal financial assistance programs, the City also identifies specific grants received from the State for compliance and internal control review by the external auditors.

General Government Functions

The City of Boston incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Acts of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts, which, as amended, constitute the City's Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers and departments including all operations of Suffolk County, except county courts. The legislative body of the City is the City Council, which consists of thirteen elected members serving two-year terms. The Mayor and City Council serve as the County Commissioners of Suffolk County.

Combining and individual fund and account group statements and schedules for the City of Boston, which includes Suffolk County and its component units, can be found in the Financial Section of this report. Presented in the following sections are selected financial data reported on a generally accepted accounting principles (GAAP) basis related to the operations of the General Fund, Special Revenue Funds, Capital Projects Funds, Internal Service Fund as well as Trust and Agency Funds administered by the City.

GENERAL FUND

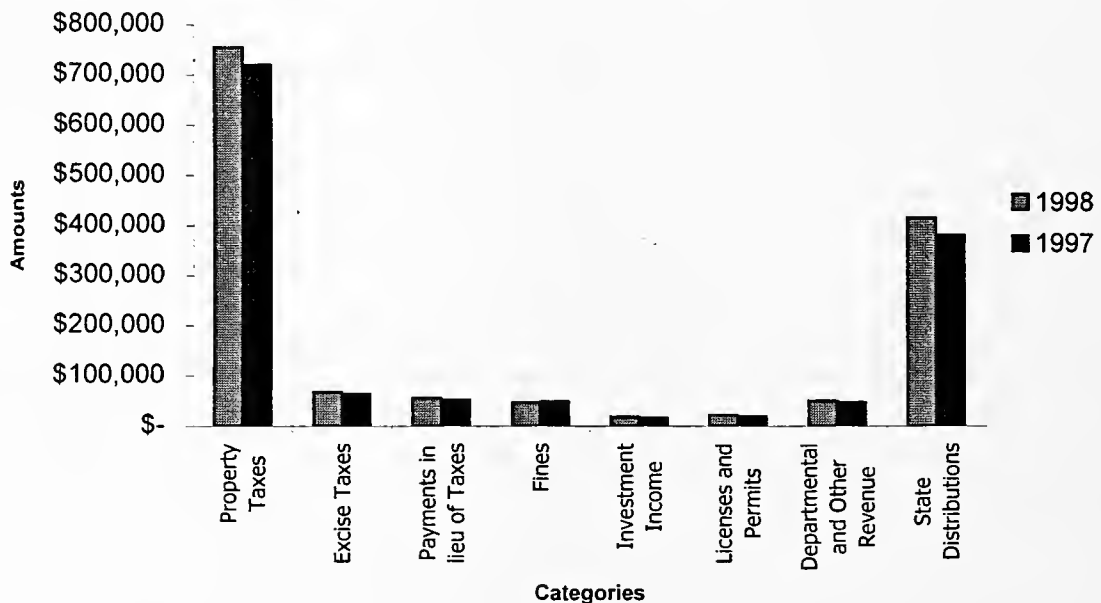
An undesignated fund balance of \$101.8 million was reported at June 30, 1998 as compared to \$67.2 million in 1997. The increase in fund equity is primarily due to an operating surplus generated by greater revenues than anticipated. The following schedules present a summary of General Fund revenues and expenditures along with the amount and percentage increase (decrease) in relation to the prior year:

Comparative General Fund Revenues

GAAP Basis
(\$ Thousands)

	1998	%	1997	%	Increase (Decrease)	%
Revenues:						
Property Taxes	\$ 754,561	52.8%	\$ 720,577	53.4%	\$ 33,984	4.7%
Excise Taxes	67,241	4.7%	63,539	4.7%	3,702	5.8%
Payments in lieu of Taxes	56,224	3.9%	52,337	3.9%	3,887	7.4%
Fines	46,292	3.2%	48,798	3.6%	(2,506)	(5.1)%
Investment Income	18,526	1.3%	16,588	1.2%	1,938	11.7%
Licenses and Permits	21,833	1.5%	19,009	1.4%	2,824	14.9%
Departmental and Other Revenue	50,241	3.5%	47,968	3.6%	2,273	4.7%
State Distributions	414,778	29.0%	380,440	28.2%	34,338	9.0%
Total Revenues	\$ 1,429,696	100.0%	\$ 1,349,256	100.0%	\$ 80,440	6.0%

Revenue Comparison



Total revenues for 1998 amounted to \$1.43 billion, an increase of \$80.4 million or 6.0% over 1997. Property tax revenues increased by \$34.0 million, due to an increase in assessed values and new growth. Distributions from the Commonwealth of Massachusetts increased by 9.0% (\$34.3 million) to \$414.8 million. Revenues from Excise Taxes increased \$3.7 million while Departmental and Other Revenue also increased by \$2.3 million. An increase of \$2.0 million to Investment Income was primarily due to higher yields on investments.

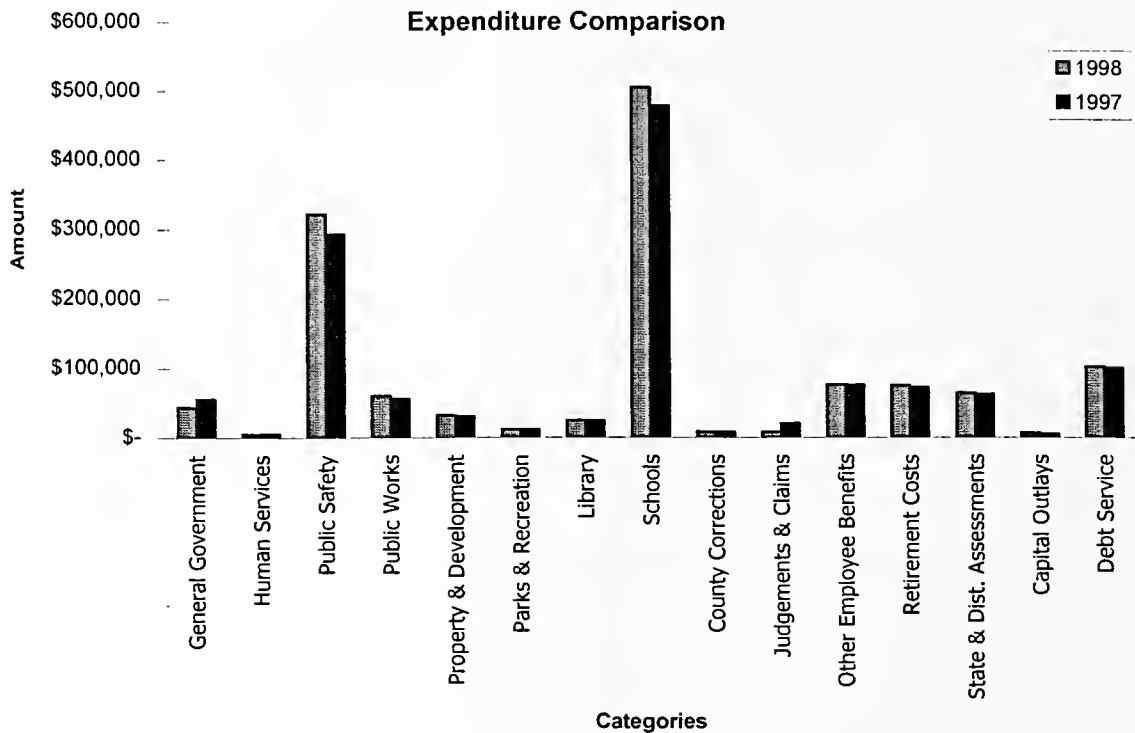
Comparative General Fund Expenditures and Other Financing Uses

GAAP Basis

(\$ Thousands)

	1998	%	1997	%	Increase (Decrease)	%
Expenditures:						
General Government	\$ 43,850	3.2%	\$ 55,358	4.3%	\$ (11,508)	(20.8%)
Human Services	4,717	0.3%	5,256	0.4%	(539)	(10.3%)
Public Safety	322,190	23.9%	292,935	22.6%	29,255	10.0%
Public Works	60,163	4.5%	55,843	4.3%	4,320	7.7%
Property & Development	31,934	2.4%	30,519	2.4%	1,415	4.6%
Parks & Recreation	11,783	0.9%	11,272	0.9%	511	4.5%
Library	24,468	1.8%	24,014	1.9%	454	1.9%
Schools	505,795	37.6%	478,659	36.9%	27,136	5.7%
County Corrections	8,267	0.6%	7,657	0.6%	610	8.0%
Judgements & Claims	7,911	0.6%	20,136	1.5%	(12,225)	(60.7%)
Other Employee Benefits	76,279	5.7%	75,693	5.8%	586	0.8%
Retirement Costs	75,382	5.6%	72,299	5.5%	3,083	4.3%
State & Dist. Assessments	64,187	4.8%	62,457	4.8%	1,730	2.8%
Capital Outlays	6,403	0.5%	4,783	0.4%	1,620	33.9%
Debt Service	102,445	7.6%	100,523	7.7%	1,922	1.9%
Total Expenditures	\$ 1,345,774	100.0%	\$ 1,297,404	100.0%	\$ 48,370	3.7%

Expenditures for 1998 increased \$48.4 million (3.7%) compared to 1997. Spending for the School Department increased by \$27.1 million to \$505.8 million. Improvements to technology, accreditation issues, and increased enrollment in the school system contributed to the increase in school spending. Public Safety spending increased by \$29.3 million (10.0%) as additional police officers and firefighters were added to the City's forces. A decrease to General Government of \$11.5 million was primarily due to no additional reserves being established for collective bargaining. Judgments and Claims decreased by \$12.2 million as several long-standing suits were settled in fiscal 1997, and in fiscal 1998, City departments were charged directly for estimated litigation costs. Additionally, an increase was recorded to Debt Service of \$1.9 million, due to additional bond issuances, and Public Works expenditures increased 7.7% to \$60.2 million. The areas of increased spending reflect the administration's priorities of improving education, enhancing public safety, maintaining its public works, and improving an already stable financial borrowing policy.



SPECIAL REVENUE FUNDS

The fund balance for the Special Revenue Funds decreased to \$61.8 million in 1998. Total revenues increased by \$13.8 million to \$259.2 million and total expenditures increased by \$8.3 million to \$274.0 million for the period ending June 30, 1998.

CAPITAL PROJECT FUNDS

Revenues for the Capital Project Funds increased by \$8.1 million to \$20.7 million for 1998. Expenditures increased by \$58.7 million to \$191.0 million for the period. The fund balance for the Capital Projects Fund decreased by \$44.0 million to a deficit of \$14.8 million in 1998.

INTERNAL SERVICE FUND

The Internal Service Fund accounts for the City's Health Insurance Trust Fund. Blue Cross/Blue Shield (BC/BS) acts as a third party agent for the City's employees, retirees and their dependents for payment of expenses incurred under various health indemnification plans utilized by the City. Costs incurred under the BC/BS plans are shared, with 25% paid by employees and retirees and 75% paid by the City. Operating revenues for the Internal Service Fund in 1998

were \$61.8 million and expenses totaled \$60.9 million. The fund deficit at June 30, 1998 was \$10.9 million, as compared to a fund balance deficit of \$11.8 million at June 30, 1997.

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for trustee and agency relationships that the City maintains with its employees, other governments (federal and state), private corporations and individual donors and benefactors. The City's largest Trust Fund is the State-Boston Retirement System (S-BRS). Information about this fund is included in the following section entitled "Pension Funds." The resources of the nonexpendable and expendable trust funds are used primarily to provide additional benefits to the City's residents and the City's employees. Resources from these funds are used for certain infrastructure improvements, purchase of equipment, scholarships for Boston Public School students, and jobs and affordable housing for the neediest residents of the City.

During fiscal 1998, the City adopted the provision of GASB No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which entailed amending the City's deferred compensation plans such that the plans' assets are now held in trust for the exclusive benefit of participants and their beneficiaries. As a result, the City has eliminated from its agency fund the deferred compensation plans' assets and related liabilities, which amounted to \$158.4 million at July 1, 1997.

In aggregate, the trust funds had a total equity of \$2.52 billion at June 30, 1998, reflecting an increase of \$380.0 million over the balance of 1997. Employee retirement funds account for approximately \$2.41 billion of the total equity amount.

Debt Administration

Direct debt of the City consists principally of the City's outstanding general obligation bonds. On June 30, 1998 the City had outstanding approximately \$654.5 million of long-term fixed interest rate general obligation bonds. All direct debt of the City requires the authorization of the City Council and approval of the Mayor. If the Mayor should veto a loan order passed by the City Council, the Charter of the City provides that the loan order is void and may not be passed over the Mayor's veto. The laws of the Commonwealth provide for a general debt limit for the City consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 2 1/2% of the valuation of taxable property in the City as last equalized by the State Department of Revenue; the Double Debt Limit is 5% of the valuation of taxable property in the City as last equalized by the State Department of Revenue. The City may authorize debt up to the Normal Debt Limit without State approval. The City may also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Emergency Finance Board ("EFB"). The EFB approved \$100.0 million of debt capacity from the Double Debt Limit on December 10, 1997. The EFB's approval of this additional debt capacity will remain effective

until it is rescinded upon the City's request. As of June 30, 1998, the City had outstanding debt subject to the debt limit of \$461.1 million, and authorized but unissued debt subject to the debt limit of \$290.3 million. Based on the City's current Normal Debt Limit of \$776.9 million, and the EFB's approval of an additional \$100.0 million in debt capacity beyond the Normal Debt Limit, the City had the capacity to authorize an additional \$125.4 million of debt as June 30, 1998.

The City is indirectly liable for debt and other expenses incurred by the Massachusetts Bay Transit Authority ("MBTA"). The MBTA, created in 1964 as a body politic and corporate and a political subdivision of the Commonwealth, provides rapid transit and other mass transportation services to the City and to 77 other cities and towns within its jurisdiction. Because the MBTA has consistently operated, and is expected to continue to operate, at a deficit, state law provides for the net cost of service deficit of the MBTA (the excess of its current expenses, including debt service, over its current income, the "Net Cost of Services") to be assessed to the City and the other cities and towns within the MBTA's service area. The City's assessment currently amounts to approximately 42.7% of the total annual assessment on all such cities and towns.

The City of Boston was upgraded to "Aa3" in 1998 from Moody's Investors Service for its assigned rating on general obligation bonds. Fitch IBCA, Inc. conducted a rating analysis in 1998, for the first time, and assigned the City a rating of "AA-". The City's general obligation bonds are assigned a rating of "A+" from Standard & Poors Rating Group, Inc. These ratings are the highest ever received by the City of Boston and reflect confidence in City management to assume a manageable debt burden as well as continued strong financial performance by the City.

Cash Management

The City's Collector-Treasurer uses pooled cash and investments for all eligible City funds. The goal of this pool is to maximize income while minimizing exposure and ensuring sufficient liquidity to meet the City's payment obligations. All City funds are pooled except for trust funds, certain grant funds, and bond proceeds. The investments of the funds not included in the pool are controlled by various trust agreements, grant regulations, and bond trustee agreements.

The Collector-Treasurer sets the City's investment policies. Portions of Massachusetts General Laws Chapters 29 and 41 govern these policies. The Commonwealth also has a list of approved securities and other investments that the City may use as part of its pool. These approved investments include: (1) securities that have been issued or unconditionally guaranteed by the U.S. government or its agencies with a maturity date of less than one year from the date of purchase; (2) demand, term, and certificates of deposit; (3) repurchase agreements that have a maturity of less than one year guaranteed with U.S. government or its agencies securities with a maturity of less than 90 days; and (4) bonds issued by other states. Additionally, demand, term,

and certificates of deposit must be collateralized when they exceed certain levels. Generally, the City's investment policy centers around receiving a competitive yield for its investible cash and minimizing credit and market risks.

All investment earnings, with certain specific exceptions, are included in the General Fund's investment income account. During fiscal 1998, the average yield was 5.5% on the investible cash, as compared to an average yield of 5.4% for fiscal 1997.

Risk Management

The City is self-insured in most areas of risk including general liability, property and casualty (except school buses and machinery losses up to \$1.0 million), workers' compensation, certain employee health care costs and unemployment compensation. The City's Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. Except for certain health care costs, judgments and claims are charged to the General Fund.

The City's Risk Management Program works to limit unnecessary asset losses due, for example, to worker illness and injury, third party liability claims, and property losses due to fire, natural events or terrorism. Particular progress has been made in asset and loss quantification and tracking, identification and analysis of key areas for improvement, and specific improvements in reducing the cost of health care and worker injuries.

In fiscal 1998, the City solicited its first competitive bid for excess property and casualty ("P&C") insurance and appropriated \$1.0 million to establish a risk reserve for use when a loss occurs that interferes with the financing of ongoing operations. The premium for the P&C insurance will be paid from the risk reserve. On July 1, 1998, the City's first property insurance policy went into effect -- a three-year, all-risk catastrophic policy covering all city property assets up to \$1.00 billion, unless they are due to earthquake or flood, which are limited to \$400.0 million, after a \$10.0 million retention. This insurance policy limits the City's property loss exposure to \$10.0 million per incident.

The City's health insurance program, administered by the Health Insurance and Benefits Division, a program within Human Resources, provides coverage to the City's employees and retirees through a number of Health Maintenance Organizations (HMOs) and Blue Cross and Blue Shield of Massachusetts (BC/BS). BC/BS acts as a third party agent in the payment of the various claim plans used by the City. Costs incurred for the operation of the BC/BS plans are accounted for in an Internal Service Fund. Costs to the City for the HMOs are accounted for in the General Fund.

Pension Funds

The City participates in a contributory retirement system, the State-Boston Retirement System (S-BRS). The City is the largest member of S-BRS, a cost-sharing multiple employer public employee system operated under Chapter 32 of the Massachusetts General Laws (MGL) as amended by Chapter 306 of the Acts of 1996. The S-BRS provides retirement, disability and death benefits to plan members and beneficiaries. Each participating employer's share of the total annual contribution is determined on the basis of active payroll.

In 1988, the S-BRS system became a funded system in accordance with the Pension Reform Act (MGL Chapter 697). Prior to that, it had been a pay-as-you-go system. MGL Chapter 450 further amended this change in 1991. As a consequence, the City committed itself to funding based upon a schedule approved by the S-BRS and the State actuary, which includes paying the current year's estimated present value of benefits earned during the year (normal cost) and an annual contribution toward reducing the unfunded liability to zero by the year 2020. The schedule is subject to update and approval at least every three years by the Public Employee Retirement Administration Commission (PERAC), a State agency established to oversee all 104 local Massachusetts public retirement systems. The annual appropriation, based on the approved funding schedule, is a legal obligation of the City that must be included as part of the tax rate certification by the Commonwealth of Massachusetts.

In accordance with MGL Chapter 17 of the Acts of 1997, future cost of living adjustments are a local option of city, town and county retirement systems and municipal governments. During the fall of 1997, the S-BRS board, the City Council and the Mayor approved the local option. The first year in which a locally funded Cost of Living Adjustment ("COLA") will be awarded is fiscal 1999.

The City also operates the Boston Retirement System (BRS). BRS is the predecessor to S-BRS and is open to employees and retirees of the City whose employment began prior to 1946. BRS was not subject to MGL Chapter 697 and is funded on a pay-as-you-go basis. The operations of BRS are not material to the City as a whole.

Other Information and Acknowledgments

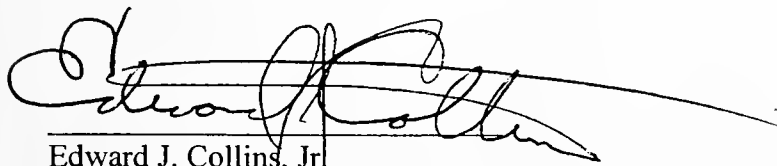
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1997. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

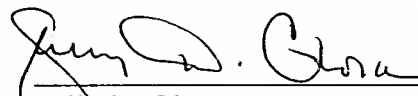
A Certificate of Achievement is valid for a period of one year only. The City of Boston received a Certificate of Achievement for the third consecutive year in fiscal 1997. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

We would like to express our appreciation to the staff of the Accounting and Financial Reporting Program and all the members of the Auditing Department staff whose professionalism and dedication made the timely preparation of the CAFR possible. We also wish to thank the professional staff of KPMG Peat Marwick LLP for their counsel, technical assistance, and encouragement in the preparation of this CAFR. Several other City departments and agencies provided additional information and assisted in the CAFR preparation. We gratefully acknowledge their efforts and contributions to this report. Finally, we wish to thank you for your continued interest in the financial operations of the City, and for the planning and support necessary to conduct the City's financial operations in a responsible manner.

Respectfully submitted,



Edward J. Collins, Jr.
Chief Financial Officer



Sally D. Glora
City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boston,
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1997

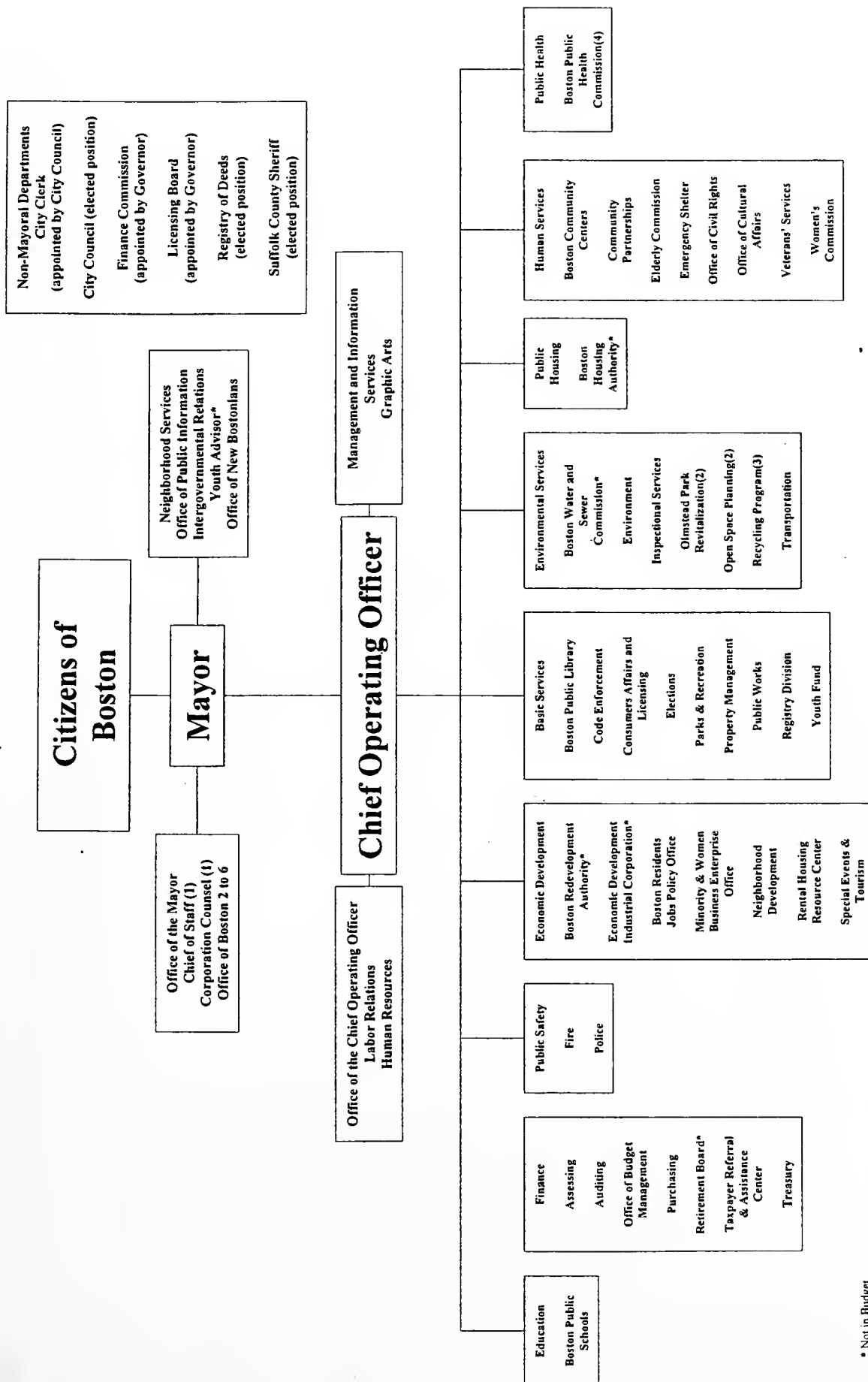
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Douglas R. Ellaworth
President

Jeffrey L. Esser
Executive Director

ORGANIZATION OF CITY GOVERNMENT



* Not in Budget.

- (1) Has cabinet rank
- (2) Programmatically within this cabinet. Financially in Parks & Recreation.
- (3) Programmatically within this cabinet. Financially in Public Works
- (4) The Boston Public Health Commission is a body politic and corporate and a political subdivision of the Commonwealth created in June 1996 as successor to the City's former Department of Health and Hospitals.

Elected and Appointed Officials

Mayor

Thomas M. Menino

City Council Members

James M. Kelly (President).....	District 2
Margaret E. Davis-Mullen	At-Large
Stephen P. Murphy.....	At-Large
Albert L. O'Neil.....	At-Large
Francis M. Roache	At-Large
Paul J. Scapicchio	District 1
Maureen E. Feeney	District 3
Charles C. Yancey	District 4
Daniel F. Conley	District 5
Maura A. Hennigan.....	District 6
Gareth R. Saunders	District 7
Thomas M. Keane.....	District 8
Brian J. Honan	District 9

Suffolk County Officials

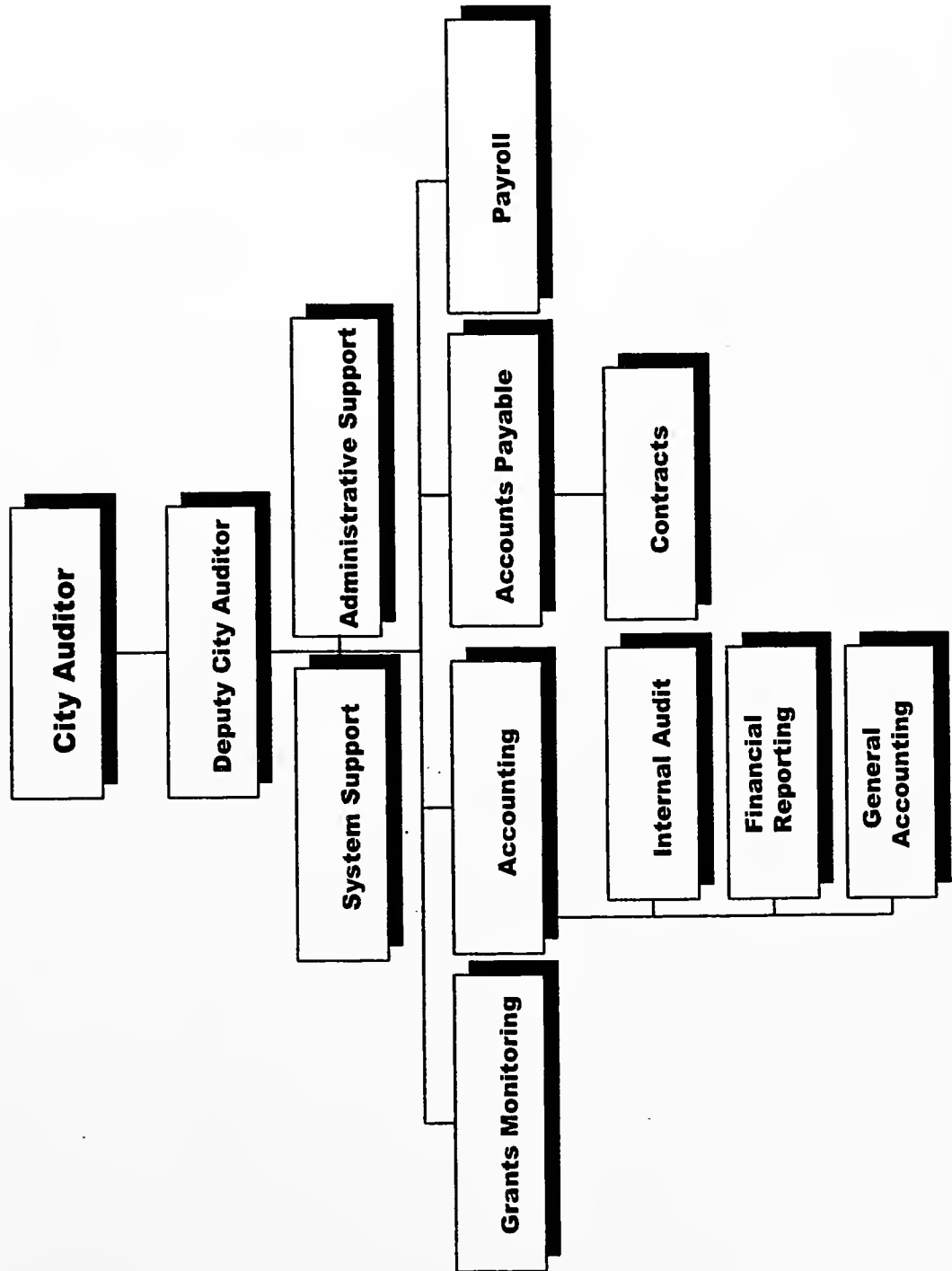
Richard Rouse.....	Sheriff
Paul Tierney	Registrar of Deeds

Appointed City Executive Branch Members

Dennis A. DiMarzio	Chief Operating Officer
Edward J. Collins, Jr.	Chief Financial Officer and Collector-Treasurer
Thomas N. O'Brien.....	Chief Economic Development Officer
Thomas W. Payzant	Chief of Education
Juanita Brooks-Wade	Chief of Human Services
Michael Galvin.....	Chief of Basics Services
Andrea d'Amato.....	Chief of Environmental Services
Sandra B. Henriquez	Chief of Public Housing
Paul E. Evans	Chief of Public Safety (Police Department)
Martin E. Pierce, Jr.	Chief of Public Safety (Fire Department)
Merita A. Hopkins	Corporation Counsel

Auditing Department

Organizational Chart



Auditing Department Personnel

Sally D. Glora, City Auditor

Dennis J. Coughlin, Deputy City Auditor

Magnolia Amador
Martha C. Ayure
Dolores A. Basile
Allan M. Brodsky
Valerie Burton
Elvira Carnazzo
Michelle E. Castillo
Chiu-Lan Cheng
Mary Ann Creedon
Emily C. Crocker
Coleman G. Flaherty
Linda Gillis
Carlson R. Hinds
Stephen P. Jannino
Cynthia Johnson
Lillian B. Laurano
Janine London
Teresa A. Lynch
Mary C. Maiullo

Sheila A. McGonagle
Theresa McNair
Carolyn Michelman
Nelly Montes
Christine M. Opila
David Nero
Robert A. Perez
Jennette M. Prosser
Mary L. Raysor
Charles H. Rigg
Stephen L. Roberts
Thomas J. Settipani
Ming C. Su
Genesis Phan Tan
Richard Thompson
Julie A. Tippet
Stanley J. Wallace
Paul F. Waple

FINANCIAL SECTION

This section is comprised of the independent auditor's report, general purpose financial statements, the combining and comparative fund statements, and required supplementary information.

FINANCIAL SECTION

Independent Auditors' Report

The Honorable Mayor and City Council of the
City of Boston, Massachusetts:

We have audited the general purpose financial statements of the City of Boston, Massachusetts (the "City"), as of and for the year ended June 30, 1998, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain entities and accounts that aggregate the following percentages of total assets and revenues:

	<u>Percentage of</u>	
	<u>Total assets</u>	<u>Total revenues/additions</u>
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units:		
Trust and Agency Funds	100%	N/A
Discretely Presented Component Units	18%	N/A
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units:		
Expendable Trust Funds	N/A	100%
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Component Units:		
Nonexpendable Trust Funds	N/A	100%
Discretely Presented Component Units	N/A	100%
Combined Statement of Changes in Plan Net Assets - Pension Trust Funds	N/A	100%

N/A = not applicable.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed within, insofar as it relates to the amounts included for those entities and accounts, is based solely upon the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

The Honorable Mayor and City Council of the
City of Boston, Massachusetts:

Governmental Accounting Standards Board ("GASB") Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The City has included such disclosures in note 16. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the City's disclosures with respect to the Year 2000 issue made in note 16. Further, we do not provide assurance that the City is, or will be, Year 2000 ready, that the City's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business will be Year 2000 ready.

In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Boston, Massachusetts, as of June 30, 1998, and the results of its operations and the cash flows of its discretely presented component units, proprietary and nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 1, 1998 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

As discussed in note 12, in 1998 the City adopted the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical sections as listed in the table of contents and therefore express no opinion thereon.

The schedule of historical pension information on page 37 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

KPMG Peat Marwick LLP

December 1, 1998

CITY OF BOSTON, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

June 30, 1998
(in thousands)

Assets	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE		ACCOUNT GROUPS			Total (Memorandum only)		Total (Memorandum only) Reporting Entity
	General	Special Revenue	Capital Projects	Internal Service	Trust and Agency	General		Primary Government	Component Units					
						Fixed Assets	Long-Term Obligations							
Cash and investments (note 3)	\$ 268,056	96,338	48,021	—	2,428,151	—	—	2,840,566	82,510	2,923,076				
Restricted cash and investments (note 3)	16,280	—	—	—	—	—	—	16,280	7,866	24,146				
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):														
Property taxes	97,162	—	—	—	—	—	—	97,162	—	97,162				
Motor vehicle excise	8,169	—	—	—	—	—	—	8,169	—	8,169				
Intergovernmental	35,000	37,764	—	—	21,485	—	—	94,249	5,743	99,992				
Departmental and other	3,138	2,228	—	103	100,769	—	—	106,238	80,863	187,101				
Total receivables	143,469	39,992	—	103	122,254	—	—	305,818	86,606	392,424				
Due from other funds (note 6)	63,500	2,325	1,206	782	58,644	—	—	126,457	136	126,593				
Due from primary government (note 6)	—	—	—	—	—	—	—	—	2,696	2,696				
Due from component units (note 6)	178,553	271	—	—	—	—	—	178,824	—	178,824				
Due from BMC (note 13)	951	—	—	—	—	—	—	951	169,016	169,967				
Other assets	—	—	—	—	—	—	—	—	1,327	1,327				
Property, plant and equipment, net of accumulated depreciation (note 5)	—	—	—	—	90	722,206	—	722,296	48,394	770,690				
Amount available as debt service reserve in the general fund (note 7)	—	—	—	—	—	—	16,280	16,280	—	16,280				
Amount to be provided for the retirement of general long-term obligations	—	—	—	—	—	—	987,820	987,820	181,184	1,169,004				
Total assets	\$ 670,809	138,926	49,227	885	2,609,139	722,206	1,004,100	5,195,292	579,735	5,775,027				

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units (Continued)

June 30, 1998
(in thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS			Total (Memorandum only)	Component Units	Total (Memorandum only) Reporting Entity
	General	Special Revenue	Capital Projects	Internal Service	Trust and Agency	General Fixed Assets	Long-Term Obligations	Primary Government			
Liabilities											
Warrants and accounts payable	\$ 116,091	25,419	18,477	346	82,756	—	—	243,089	68,916	312,005	
Accrued liabilities:											
Tax abatement refunds	98,000	—	—	—	—	—	2,000	100,000	—	100,000	
Judgments and claims (note 14)	—	—	—	10,017	—	—	16,405	26,422	528	26,950	
Retirement costs	—	—	—	—	—	—	—	—	2,908	2,908	
Sick and vacation	—	—	—	—	—	—	88,011	88,011	1,167	89,178	
Landfill closure (note 1)	—	—	—	—	—	—	22,405	22,405	—	22,405	
Other	28,821	31,809	1,787	—	6,782	—	—	69,199	11,488	80,687	
Due to other funds (note 6)	2,464	19,918	43,743	1,418	336	—	—	67,879	136	68,015	
Due to component units (note 6)	2,696	—	—	—	—	—	—	2,696	—	2,696	
Due to primary government (note 6)	—	—	—	—	—	—	—	—	178,824	178,824	
Due to BMC	—	—	—	—	—	—	—	—	8,641	8,641	
Deferred revenue	279,313	—	—	—	—	—	—	279,313	190,671	469,984	
Matured interest and bonds payable	580	—	—	—	—	—	—	580	—	580	
Obligations under capital leases (note 7)	—	—	—	—	—	—	21,384	21,384	—	21,384	
Bonds and notes payable (note 7)	—	—	—	—	2,248	—	853,895	856,143	21,694	877,837	
Total liabilities	527,965	77,146	64,007	11,781	92,122	—	1,004,100	1,777,121	484,973	2,262,094	
Fund Equity and Other Credits											
Investment in general fixed assets	—	—	—	—	—	722,206	—	722,206	24,038	746,244	
Retained earnings (deficit)	—	—	—	(10,896)	—	—	—	(10,896)	14,809	3,913	
Fund balances:											
Reserved for:											
Trust fund endowments	—	—	—	—	69,810	—	—	69,810	33,883	103,693	
Encumbrances and continuing appropriations	24,774	56,675	140,900	—	—	—	—	222,349	12,257	234,606	
Debt service	16,280	—	—	—	—	—	—	16,280	—	16,280	
Employees' pension benefits	—	—	—	—	2,411,186	—	—	2,411,186	—	2,411,186	
Unreserved:											
Undesignated	101,790	5,105	(155,680)	—	36,021	—	—	(12,764)	9,775	(2,989)	
Total fund equity (deficit) and other credits	142,844	61,780	(14,780)	(10,896)	2,517,017	722,206	—	3,418,171	94,762	3,512,933	
Contingencies (notes 14 and 16)											
Total liabilities, equity and other credits	\$ 670,809	138,926	49,227	885	2,609,139	722,206	1,004,100	5,195,292	579,735	5,775,027	

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All
Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 1998
(in thousands)

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	Total (Memorandum only)		Total (Memorandum only)
	General	Special Revenue	Capital Projects	Expendable Trust	Primary Government	Component Units	Reporting Entity
Revenues:							
Local:							
Real and personal property taxes, net (note 4)	\$ 754,561	—	—	—	754,561	—	754,561
Excises	67,241	—	—	—	67,241	—	67,241
Payments in lieu of taxes	56,224	—	—	—	56,224	—	56,224
Fines	46,292	—	—	—	46,292	—	46,292
Investment income	18,526	—	—	5,122	23,648	1,002	24,650
Licenses and permits	21,833	—	—	—	21,833	—	21,833
Departmental and other revenue	50,241	16,471	2,255	4,304	73,271	29,850	103,121
Total local revenues	1,014,918	16,471	2,255	9,426	1,043,070	30,852	1,073,922
Intergovernmental:							
Federal	—	143,714	1,053	—	144,767	34,278	179,045
Commonwealth of Massa- chusetts	414,778	99,051	17,343	—	531,172	—	531,172
Total intergovern- mental revenues	414,778	242,765	18,396	—	675,939	34,278	710,217
Total revenues	1,429,696	259,236	20,651	9,426	1,719,009	65,130	1,784,139
Expenditures:							
Current:							
General government	43,850	3,539	—	1,283	48,672	19,270	67,942
Human services	4,717	3,845	—	682	9,244	—	9,244
Public safety	322,190	23,354	—	—	345,544	—	345,544
Public works	60,163	280	—	150	60,593	—	60,593
Property and development	31,934	—	—	—	31,934	—	31,934
Parks and recreation	11,783	4,228	—	3,201	19,212	—	19,212
Library	24,468	1,337	—	—	25,805	—	25,805
Schools	505,795	71,189	—	30	577,014	—	577,014
County	8,267	71,648	—	—	79,915	—	79,915
Public health programs	—	—	—	—	—	56,799	56,799
Judgments and claims	7,911	—	—	—	7,911	—	7,911
Retirement costs (note 8)	75,382	—	—	—	75,382	20,595	95,977
Other employee benefits	76,279	—	—	—	76,279	—	76,279
State and district assessments	64,187	—	—	—	64,187	—	64,187
Community development	—	85,082	—	—	85,082	—	85,082
Assistance payments to BMC (note 13)	—	—	—	—	—	7,000	7,000
Subsidies to BMC and EMS (note 13)	—	—	—	—	—	4,973	4,973
Capital outlays	6,403	7,294	190,615	—	204,312	2,419	206,731
Debt service	102,445	2,175	432	—	105,052	—	105,052
Total expenditures	1,345,774	273,971	191,047	5,346	1,816,138	111,056	1,927,194
Excess (deficiency) of revenues over expenditures	83,922	(14,735)	(170,396)	4,080	(97,129)	(45,926)	(143,055)

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All
Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units (Continued)

Year ended June 30, 1998
(in thousands)

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	Total (Memorandum only) Primary Government	Component Units	Total (Memorandum only) Reporting Entity
	General	Special Revenue	Capital Projects	Expendable Trust			
Other financing sources (uses):							
Proceeds of debt and capital leases (note 7)	\$ —	20,000	179,838	—	199,838	—	199,838
Payments to escrow agent (note 7)	—	—	(62,908)	—	(62,908)	—	(62,908)
Operating transfers in (note 10)	732	—	9,568	7,110	17,410	—	17,410
Operating transfers out (note 10)	—	(9,568)	(32)	(700)	(10,300)	—	(10,300)
Operating transfers from component units (note 10)	19,019	—	—	—	19,019	(19,019)	—
Operating transfers to component units (note 10)	(66,678)	—	—	—	(66,678)	66,678	—
Total other financing sources (uses)	(46,927)	10,432	126,466	6,410	96,381	47,659	144,040
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	36,995	(4,303)	(43,930)	10,490	(748)	1,733	985
Fund balance, beginning of year	105,849	66,083	29,150	25,531	226,613	6,477	233,090
Fund balance, end of year	\$ 142,844	61,780	(14,780)	36,021	225,865	8,210	234,075

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Statement of Revenues and Expenditures - Budgetary Basis

Year ended June 30, 1998
(with comparative actual amounts for 1997)
(in thousands)

	1998				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	1997 Actual
Revenues and other available funds:					
Real and personal property taxes, net	\$ 740,923	740,923	731,872	(9,051)	710,953
Excises	85,157	85,157	92,826	7,669	89,348
Commonwealth of Massachusetts	446,223	450,155	450,011	(144)	415,066
Departmental and other revenue	35,688	40,468	45,431	4,963	46,569
Fines	44,267	44,267	46,292	2,025	48,964
Payments in lieu of taxes	29,569	30,479	29,947	(532)	26,377
Investment income	7,000	11,143	16,711	5,568	16,762
Licenses and permits	15,301	15,301	23,431	8,130	17,410
Sale of property	500	500	500	—	500
Other available funds	13,500	13,500	9,200	(4,300)	9,200
Total revenues and other available funds	<u>1,418,128</u>	<u>1,431,893</u>	<u>1,446,221</u>	<u>14,328</u>	<u>1,381,149</u>
Expenditures:					
General government	53,153	48,297	47,027	1,270	58,116
Human services	5,383	5,423	4,941	482	5,382
Public safety	314,698	328,585	334,319	(5,734)	304,123
Public works	60,300	61,016	61,330	(314)	57,442
Property and development	31,546	32,478	32,259	219	30,879
Parks and recreation	11,637	12,427	11,976	451	11,315
Library	21,545	24,949	24,515	434	24,016
Schools	506,934	507,215	507,172	43	475,612
Boston Public Health Commission	64,770	66,678	66,678	—	60,890
County	7,587	8,341	8,311	30	7,662
Judgments and claims	4,111	4,111	7,904	(3,793)	17,938
Other employee benefits	75,383	74,332	74,178	154	76,889
Pension costs	111,164	111,044	111,024	20	107,159
State and district assessments	63,911	63,911	64,187	(276)	62,457
Debt requirements	86,006	83,086	82,973	113	78,565
Total expenditures	<u>1,418,128</u>	<u>1,431,893</u>	<u>1,438,794</u>	<u>(6,901)</u>	<u>1,378,445</u>
Excess of revenues and other available funds over expenditures	\$ <u>—</u>	<u>—</u>	<u>7,427</u>	<u>7,427</u>	<u>2,704</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues and Expenditures and Changes in Fund Equity -
Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 1998
(in thousands)

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Total (Memorandum only)		Total (Memorandum only)
	Internal Service	Nonexpendable Trusts	Primary Government	Component Units	Reporting Entity
Operating revenues:					
Investment income	\$ —	27,029	27,029	6,236	33,265
Net unrealized loss	—	—	—	(1,158)	(1,158)
Contributions and donations	61,580	—	61,580	13,107	74,687
Rental income	—	—	—	8,300	8,300
Miscellaneous	256	—	256	1,334	1,590
Total operating revenues	<u>61,836</u>	<u>27,029</u>	<u>88,865</u>	<u>27,819</u>	<u>116,684</u>
Operating expenses:					
Salaries and wages	—	—	—	9,921	9,921
Professional fees	—	—	—	598	598
Administrative and general	364	—	364	4,930	5,294
Materials and supplies	—	—	—	6,458	6,458
Depreciation	—	—	—	1,319	1,319
Bad debts	—	—	—	309	309
Health benefits	60,565	—	60,565	—	60,565
Capital outlays	—	—	—	4,457	4,457
Subsidies for community services, special programs and real estate operations	—	—	—	9,806	9,806
Total operating expenses	<u>60,929</u>	<u>—</u>	<u>60,929</u>	<u>37,798</u>	<u>98,727</u>
Operating income (loss)	<u>907</u>	<u>27,029</u>	<u>27,936</u>	<u>(9,979)</u>	<u>17,957</u>
Nonoperating revenues and expenses:					
Grant income	—	—	—	13,242	13,242
Interest income	—	—	—	1,288	1,288
Interest expense	—	—	—	(1,012)	(1,012)
Total nonoperating revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,518</u>	<u>13,518</u>
Income before operating transfers	<u>907</u>	<u>27,029</u>	<u>27,936</u>	<u>3,539</u>	<u>31,475</u>
Operating transfers:					
Operating transfers out (note 10)	—	(7,110)	(7,110)	—	(7,110)
Total operating transfers	<u>—</u>	<u>(7,110)</u>	<u>(7,110)</u>	<u>—</u>	<u>(7,110)</u>
Net income	<u>907</u>	<u>19,919</u>	<u>20,826</u>	<u>3,539</u>	<u>24,365</u>
Fund equity (deficit), beginning of year	(11,803)	49,891	38,088	58,975	97,063
Fund equity (deficit), end of year	<u>\$ (10,896)</u>	<u>69,810</u>	<u>58,914</u>	<u>62,514</u>	<u>121,428</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Changes in Plan Net Assets - Pension Trust Funds

Year ended June 30, 1998

(in thousands)

Additions:

Contributions:

Employer	\$ 135,479
Employee	62,016
Total contributions	<u>197,495</u>

Investment income:

Realized and unrealized gains on investments	321,029
Interest	47,488
Total investment income	<u>368,517</u>

Intergovernmental

Total additions	<u>20,599</u>
	<u>586,611</u>

Deductions:

Benefits	211,464
Refunds of contributions	24,563
Administrative expenses	1,869
Total deductions	<u>237,896</u>

Net increase	<u>348,715</u>
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Net assets held in trust for pension benefits:

Beginning of year	<u>2,062,471</u>
End of year	<u>\$ 2,411,186</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Cash Flows - Proprietary Fund Type, Nonexpendable Trust Funds
and Discretely Presented Component UnitsYear ended June 30, 1998
(in thousands)

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Total (Memorandum only)	Component Units	Total (Memorandum only)
	Internal Service	Nonexpendable Trusts	Primary Government		Reporting Entity
Cash flows from operating activities:					
Operating income (loss)	\$ 907	27,029	27,936	(9,979)	17,957
Reconciliation of operating income (loss) to net cash used by operating activities:					
Reclassification of investment income	—	(27,029)	(27,029)	(6,236)	(33,265)
Depreciation and amortization	—	—	—	1,319	1,319
Net unrealized losses	—	—	—	1,158	1,158
Provision for bad debts	—	—	—	309	309
Debt forgiveness	—	—	—	(358)	(358)
Changes in operating assets and liabilities:					
Accounts receivable	797	12	809	83	892
Intergovernmental receivables	—	—	—	(1,156)	(1,156)
Other assets	—	(53)	(53)	(6)	(59)
Due (to)/from other funds	(872)	(1)	(873)	324	(549)
Accounts payable	—	—	—	324	324
Other accrued liabilities	(832)	—	(832)	(204)	(1,036)
Deferred revenue	—	—	—	(659)	(659)
Net cash used by operating activities	—	(42)	(42)	(15,081)	(15,123)
Cash flows from noncapital financing activities:					
Advances from grantors	—	—	—	13,242	13,242
Operating transfers	—	(7,110)	(7,110)	—	(7,110)
Net cash provided (used) by noncapital financing activities	—	(7,110)	(7,110)	13,242	6,132
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	—	—	—	(382)	(382)
Proceeds from sale of capital asset	—	101	101	—	101
Interest paid on debt	—	—	—	(1,012)	(1,012)
Repayment of long-term debt	—	—	—	(945)	(945)
Net cash provided (used) by capital and related financing activities	—	101	101	(2,339)	(2,238)
Cash flows from investing activities:					
Purchase of investment securities	—	(21,680)	(21,680)	(9,205)	(30,885)
Proceeds from sale of investment securities	—	—	—	6,750	6,750
Investment income	—	27,029	27,029	7,524	34,553
Net cash provided by investing activities	—	5,349	5,349	5,069	10,418
Increase (decrease) in cash and cash equivalents	—	(1,702)	(1,702)	891	(811)
Cash and cash equivalents, beginning of year	—	2,337	2,337	7,903	10,240
Cash and cash equivalents, end of year	—	635	635	8,794	9,429
Investments, end of year	—	69,085	69,085	49,230	118,315
Total cash and investments, end of year	\$ —	69,720	69,720	58,024	127,744

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Cash Flows - Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Component Units (Continued)

Year ended June 30, 1998
(in thousands)

Reconciliation of cash and investments to combined balance sheet:

Nonexpendable Trust Funds from preceding page	\$ 69,720
Add:	
Pension Trust Funds	2,324,758
Expendable Trust Funds	<u>33,673</u>
Total Fiduciary Fund Types	<u>\$ 2,428,151</u>
Discretely Presented Component Units from preceding page	\$ 58,024
Add Governmental Fund Type Discretely Presented Component Units	<u>24,486</u>
Total Discretely Presented Component Units	<u>\$ 82,510</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

(1) Summary of Significant Accounting Policies

The accounting policies followed in preparing the accompanying general purpose financial statements are as follows:

(a) *The Financial Reporting Entity*

(1) General. The City of Boston ("City"), incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Act of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts ("Commonwealth") which, as amended, constitute the City's Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers and departments including all operations of Suffolk County, except county courts. The legislative body of the City is the City Council, which consists of thirteen elected members serving two-year terms. The Mayor and City Council serve as the County Commissioners of Suffolk County.

The accompanying general purpose financial statements present the City of Boston which includes Suffolk County and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

(2) Blended Component Unit. The following component unit has been presented as a blended component unit (included in the primary government) because the component unit provides services almost exclusively to the primary government.

State-Boston Retirement System ("SBRS") - The SBRS is a defined benefit contributory retirement system created under state statute. It is administered by a Retirement Board comprised of five members: the City Auditor, who serves as *ex-officio*; two individuals elected by participants in the system; a fourth member appointed by the Mayor and a fifth member chosen by the other members. The SBRS provides pension benefits to retired City employees.

(3) Discretely Presented Component Units. These component units are reported in separate columns to emphasize that they are legally separate from the City but are included because the City is financially accountable for and is able to impose its will on the organization. Unless otherwise indicated, the notes to the general purpose financial statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the total component units and to the primary government. A description of the component units, criteria for inclusion and their relationship with the City are as follows:

Boston Redevelopment Authority ("BRA") - The BRA is a public body politic and corporate constituting the City's redevelopment authority and exercising the powers of a planning board for the City. The BRA is governed by a five-member board, four of which are appointed by the Mayor. Its purpose is to provide planning support for major construction and redevelopment activity in the City.

Economic Development and Industrial Corporation of Boston ("EDIC") - The EDIC is a body politic and corporate and an instrumentality of the Commonwealth. It is governed by the same persons appointed as members of the BRA board. The EDIC has various powers to assist industrial development projects in the City and together with the BRA assists the City with its economic development function.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

Boston Public Health Commission ("PHC") - The PHC is a body politic and corporate and public instrumentality of the Commonwealth, established by Chapter 147 of the Acts of 1995. PHC is governed by a seven-member board, six of which are appointed by the Mayor and confirmed by the City Council, and one of whom is the chief executive officer of the Boston Medical Center ("BMC"). The PHC is responsible for the implementation of public health programs in the City.

Trustees of the Public Library of the City of Boston ("TPL") - The TPL is a nonprofit organization qualified as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Trustees of TPL are appointed by the Mayor. The TPL was established to benefit the public library system of the City.

The financial statements of the component units are included for their respective fiscal year-ends, which is June 30, 1998, except for the SBRS which is December 31, 1997.

Complete financial statements of these individual component units can be obtained through the City Auditor's office, Room M-4, City Hall Plaza, Boston, Massachusetts 02201. In addition, condensed financial statements for the discretely presented component units are included in note 15.

(4) Related Organizations. The Mayor is also responsible for appointing the members of the governing bodies of the Boston Housing Authority, Boston Industrial Development Finance Authority and Boston Water and Sewer Commission; however, the City's accountability for these organizations does not extend beyond making these appointments.

(b) Basis of Presentation

The City has elected to present the discretely presented component units using the single-column method. The operations of the discretely presented component units have been reported in the financial statements on a basis which reflects the predominant basis of accounting used by the entity.

The operations of the City and its blended component unit are recorded in the following fund types and account groups:

Governmental Fund Types

Governmental funds are used to account for the City's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is upon determination of changes in financial position and the flow of current financial resources. The following are the City's governmental fund types:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to specified purposes.

Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and similar trust funds).

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

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Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance (i.e., flow of economic resources). Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Fiduciary Fund Types

Trust and Agency Funds - Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent. Trust funds include expendable trust funds, nonexpendable trust funds and pension trust funds. Nonexpendable trust funds and pension trust funds are reported in a manner similar to proprietary funds (i.e., flow of economic resources measurement focus and accrual basis of accounting). Expendable trust funds are reported in a manner similar to governmental funds (i.e., flow of financial resources measurement focus and modified accrual basis of accounting). Agency funds are custodial in nature and follow the modified accrual basis of accounting but are not concerned with the measurement of results of operations.

Account Groups

Account groups are a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the governmental funds because they do not affect net expendable available financial resources. The following are the City's account groups.

General Fixed Assets Account Group (GFAAG) - This account group is used to account for fixed assets, other than those accounted for in proprietary funds and similar trust funds.

General Long-Term Obligations Account Group (GLTOAG) - This account group is used to account for all long-term obligations of the City, except those accounted for in proprietary and similar trust funds.

(c) *Basis of Accounting*

The modified accrual basis of accounting is followed by governmental funds, expendable trust funds, and agency funds.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available to pay liabilities of the current period). Revenues not considered available are recorded as deferred revenues.

The City applies the susceptible to accrual criteria to property taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, resources must be expended on the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the amount of expenditures incurred. In the other, resources are virtually unrestricted and are usually revocable by the grantor only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year-end.

Investment earnings are recorded as earned. Other revenues are recorded when received in cash because these amounts are generally not measurable until actually received.

CITY OF BOSTON, MASSACHUSETTS

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Expenditures are recorded when the liability is incurred except for (1) interest on general long-term obligations, which is recorded when due, and (2) the noncurrent portion of accrued judgments and claims, abatement refunds and vacation and sick leave, which is recorded in the general long-term obligations account group.

The accrual basis of accounting is used by proprietary funds, nonexpendable trust funds and pension trust funds. Revenues are recognized when earned and expenses are recognized when goods or services have been received or a liability has been incurred.

The City and its component units have elected to apply to its proprietary funds, nonexpendable trust funds, and pension trust funds accounting standards applicable to the private sector issued on or before November 30, 1989, unless those standards conflict with or contradict pronouncements of the Governmental Accounting Standards Board.

(d) *Cash Equivalents*

For purposes of the statement of cash flows, investments with original maturities of three months or less when purchased are considered to be cash equivalents.

(e) *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Open encumbrances at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Certain unexpended and unencumbered appropriations for incomplete projects are carried over to succeeding years without further appropriations. Such continuing appropriations are accounted for similar to encumbrances. Other unencumbered appropriations lapse at year-end.

(f) *Property, Plant and Equipment*

Property, plant and equipment are stated at cost or estimated historical cost, except for infrastructure which is not capitalized. Donated fixed assets are recorded at estimated fair market value at the date donated.

(g) *Compensated Absences*

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then current rates of pay. The liability related to unused sick and vacation time is recorded in the general long-term obligations account group. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method). The liability for both amounts is calculated based on the pay or salary rates in effect at the balance sheet date.

(h) *Arbitrage Rebate*

Rebatable arbitrage earnings are calculated for the City by third parties and accounted for as a liability and a reduction of investment income in the general fund. At June 30, 1998, an accumulated arbitrage rebate liability of \$1.9 million was recorded in the general fund.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

(i) Tax Abatement Refund Claims

Certain tax abatement settlements have resulted in agreements to make fixed payments over a series of future years. Such future payments have been recorded in the general long-term obligations account group. All other estimated tax abatement refunds have been recorded as a liability in the general fund.

(j) Basis of Investment Valuation

In conformance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are presented in the accompanying general purpose financial statements at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments of the State-Boston Retirement System which are described in note 8(f).

The adoption of GASB No. 31 in 1998 was not material to the general purpose financial statements.

(k) Reclassifications

Certain 1997 amounts have been reclassified to conform with the 1998 presentation.

(l) Total Columns

Total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation since interfund and other eliminations have not been made.

(m) Use of Estimates

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(n) Landfill Closure and Postclosure Care Costs

State and federal regulations require the City to place a final cover on its Gardner Street landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The City determines its liability related to closure and postclosure care for the Gardner Street site based on landfill capacity used to date. At June 30, 1998, 100% of the Gardner Street landfill site had been used and had not accepted solid waste for several years. The City is in the process of covering this site in accordance with applicable laws and regulations.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

The liability for closure and postclosure care is estimated based on current cost, which is the amount that would be paid if all equipment, facilities and services included in the estimate were acquired during the current period. Such costs are recognized as expenditures to the extent that they have been paid or are expected to be paid with expendable available financial resources; the remaining liability is reported in the general long-term obligations account group. Expenditures related to the Gardner Street landfill site closure and postclosure care in fiscal 1998 were not material.

(2) Budgetary Data

The general fund is the only fund for which a budget is legally adopted. The budgets for all departments included in the general fund of the City, except the School Department, are prepared under the direction of the Mayor and City Council.

The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are submitted by the Mayor and approved by the City Council and lapse at year-end unless encumbered. The legal level of control over appropriations is at the department level. Amendments to the original budget must be approved by the City Council, except for a reallocation of appropriations of up to \$3 million which the Mayor may approve. Further, the City Auditor, with the approval of the Mayor, may make transfers from any appropriation to any other appropriation for purposes of eliminating deficits before closing the books for the fiscal year. After the close of the fiscal year, the City Auditor may, with the approval of the Mayor, apply any income, taxes and funds not disposed of and make transfers from any appropriation to any other appropriation for the purpose of closing the accounts for the fiscal year. Supplemental appropriations, other than the aforementioned transfers, were approximately \$13.8 million for the year.

The City must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2-1/2 (note 4). The tax levy must equal the sum of (a) the aggregate of all annual appropriations for expenditures; plus (b) the reserve accounts described in the following paragraph; plus (c) provision for the prior fiscal years' deficits, if any; less (d) the aggregate of all non-property tax revenues projected to be received by the City, including available funds, in amounts certified or approved by the Commonwealth for tax rate purposes.

In accordance with the 1986 amendments to the Funding Loan Act of 1982, the City has established two reserve funds. The first is a budget reserve fund which is required to be funded in stages to a final level of 2-1/2% of the prior year's overall departmental appropriations, except the School Department, by the beginning of fiscal 1990. It is available to be applied to extraordinary and unforeseen expenditures. The second is a separate reserve fund of 1% to 2-1/2% of the current year appropriation of the School Department to be applied to overexpenditures in that department.

The City's general fund budget is prepared on a basis other than generally accepted accounting principles ("GAAP"). The "actual" results column in the Statement of Revenues and Expenditures - Budgetary Basis is presented on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the budget and GAAP bases, where applicable, are that:

- (a) Real estate and personal property taxes are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget), as opposed to a reservation of fund balance (GAAP).

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

- (c) Certain activities and transactions are presented in separate funds (GAAP), rather than as components of the general fund (budget).
- (d) Amounts raised for the prior years' deficits and available funds from prior years' surpluses are recorded as revenue items (budget), but have no effect on GAAP revenues.

In addition, there are certain differences in classifications between revenues, expenditures and transfers.

The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 1998 (in thousands):

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other financing sources (uses), net</u>	<u>Excess of revenue and other financing sources</u>
As reported on a budgetary basis	\$ 1,446,221	1,438,794	—	7,427
Adjustments:				
Revenues to modified accrual basis	27,529	—	—	27,529
Expenditures, encumbrances and accruals, net	—	(2,039)	—	2,039
Reclassifications:				
Parking meter revenue and expenditures to a special revenue fund	(8,500)	(8,500)	—	—
Debt service expenditures	421	19,472	19,051	—
State-funded teachers' retirement costs	(35,275)	(35,275)	—	—
Trust fund revenue	(700)	—	700	—
Public Health Commission appropriation (note 13)	—	(66,678)	(66,678)	—
As reported on a GAAP basis	\$ <u>1,429,696</u>	<u>1,345,774</u>	<u>(46,927)</u>	<u>36,995</u>

(3) Cash and Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the City. Deposits, including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, bankers' acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust ("MMDT"), a mutual fund managed for the Commonwealth of Massachusetts.

The City's pension and certain other trust funds have additional investment powers, most notably the ability to invest in common stocks, corporate bonds and other specified investments.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

Deposits

The City categorized deposits according to the level of risk assumed. Category 1 includes deposits which are fully insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 includes those deposits that are not collateralized. The City's deposits at June 30, 1998 are as follows (in thousands):

	<u>Category</u>			<u>Total Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Total cash deposits	\$ <u>6,274</u>	<u>79,503</u>	<u>136,741</u>	<u>222,518</u>	<u>213,553</u>

Investments

The City and SBRS categorize investments according to the level of risk assumed. Category 1 includes investments that are insured or registered or held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the entity's name. Category 3 includes uninsured and unregistered investments held by the counterparty, or by its trust department or agent but not in the entity's name. MMDT, other mutual funds, venture capital funds and real estate investments are not categorized. The City's investments are as follows (in thousands):

<u>Primary Government -</u> <u>June 30, 1998</u>		<u>Category</u>			<u>Estimated</u> <u>Market</u> <u>Value</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Categorized:					
Repurchase agreements	\$	—	164,878	—	164,878
U.S. Government obligations		—	6,045	13,301	19,346
Debt securities		—	17,960	6,499	24,459
Equity securities		—	13,036	39,295	52,331
Total	\$	<u>—</u>	<u>201,919</u>	<u>59,095</u>	261,014
Not categorized:					
MMDT					<u>137,143</u>
Total					\$ <u>398,157</u>
 <u>SBRS -</u> <u>December 31, 1997</u>					
Categorized:					
Short-term investments	\$	—	5,328	—	5,328
U.S. Government obligations		—	63,574	—	63,574
U.S. Government agency obligations		—	81,510	—	81,510
Debt securities		—	665,620	—	665,620
Equity securities		—	1,334,042	—	1,334,042
Total	\$	<u>—</u>	<u>2,150,074</u>	<u>—</u>	2,150,074
Not categorized:					
MMDT					3,878
Real estate					74,328
Venture capital funds					16,856
Total					\$ <u>2,245,136</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

The composition of the City's bank deposits and investments fluctuates depending primarily on the timing of real estate tax receipts, proceeds from borrowings, collection of state and federal aid and capital outlays throughout the year.

(4) Property Taxes

Real and personal property taxes are based on values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the modified accrual basis of accounting, described in note 1(c).

The City bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the City's experience, most property taxes are collected during the year in which they are assessed. Lining of properties on which taxes remain unpaid occurs annually. On December 8, 1998, all properties with unpaid fiscal 1998 property taxes will be lien. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2-1/2" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2-1/2 limits the total levy to an amount not greater than 2-1/2% of the total assessed value of all taxable property within the City. Secondly, the tax levy cannot increase by more than 2-1/2% of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2-1/2 can be overridden by a City-wide referendum.

(5) Property, Plant and Equipment

The following is a summary of changes in the General Fixed Assets Account Group (in thousands):

	<u>Balance,</u> <u>June 30, 1997</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>June 30, 1998</u>
Land and buildings	\$ 541,380	—	—	541,380
Furniture and fixtures	33,664	1,392	(514)	34,542
Vehicles and maintenance equipment	71,037	14,664	(6,941)	78,760
Machinery and equipment	<u>48,996</u>	<u>20,656</u>	<u>(2,128)</u>	<u>67,524</u>
General fixed assets	\$ <u>695,077</u>	<u>36,712</u>	<u>(9,583)</u>	<u>722,206</u>

No accumulated depreciation is recorded in the General Fixed Assets Account Group.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

(6) Interfund Receivable and Payable Balances

Individual fund and discrete component unit receivable and payable balances at June 30, 1998, are as follows (in thousands):

<u>Interfund Balances</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 63,500	2,464
Special revenue:		
City Funds	151	—
Revolving Funds	225	1,400
Schools	100	12,811
CDBG	1,849	2,375
Empowerment Zone	—	103
Home Bill Program	—	548
Building Loan Program	—	256
HUD Grants	—	2,425
Capital projects:		
Departmental Equipment	1,056	72
School Projects	—	19,731
Public Buildings	150	8,186
Hospital Facilities	—	5,746
Urban and Economic Development	—	300
Parks and Recreation	—	2,099
Public Works	—	2,087
Public Ways	—	5,494
Trust Fund	—	28
Internal service:		
Blue Cross/Blue Shield	782	1,418
Trust and agency:		
BRS	66	—
City Funds	—	307
School Funds	—	1
George Robert White Fund	—	28
Balance at June 30, 1998	<u>67,879</u>	<u>67,879</u>
SBRS at December 31, 1997	<u>58,578</u>	<u>—</u>
Balances in accompanying general purpose financial statements	\$ <u><u>126,457</u></u>	<u><u>67,879</u></u>
<u>Discrete Component Unit Balances</u>		
Primary government:		
General	\$ 178,553	2,696
Special Revenue	271	—
Discretely presented component units:		
PHC	2,696	178,299
TPL	—	525
Balances in accompanying general purpose financial statements	\$ <u><u>181,520</u></u>	<u><u>181,520</u></u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

(7) Long-Term Obligations

Governmental Fund Obligations

Following is a summary of the general long-term obligations of the City as of June 30, 1998 (in thousands):

	<u>Interest Rates</u>	<u>Outstanding, Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, End of Year</u>
Bonds and Notes Payable:					
General Obligation Refunding Bonds dated 4/15/98	4.5-5.25%	\$ —	77,855	—	77,855
General Obligation Bonds dated 1/15/98	4.5%	—	90,000	—	90,000
General Obligation Bonds dated 11/15/96	5.0%	90,000	—	7,200	82,800
General Obligation Bonds dated 10/15/95	5.0-5.25%	69,000	—	4,100	64,900
General Obligation Bonds dated 9/1/94	5.0-6.0%	62,560	—	10,100	52,460
General Obligation Refunding Bonds dated 2/1/94	4.0-5.0%	77,100	—	4,085	73,015
General Obligation Bonds dated 9/1/93	4.0-4.875%	45,130	—	1,750	43,380
General Obligation Refunding Bonds dated 2/1/93	3.0-5.65%	87,555	—	1,330	86,225
General Obligation Bonds dated 2/15/92	4.75-6.5%	54,225	—	39,935	14,290
General Obligation Refunding Bonds dated 5/15/91	5.5-10.0%	35,875	—	5,155	30,720
General Obligation Bonds dated 5/15/91	5.5-6.1%	9,275	—	4,245	5,030
General Obligation Bonds dated 1/1/90	6.25-7.375%	27,290	—	15,785	11,505
General Obligation Bonds dated 3/1/89	7.1-7.5%	13,785	—	9,060	4,725
General Obligation Bonds dated 7/7/88	6.4-7.3%	6,410	—	2,360	4,050
General Obligation Refunding Bonds dated 8/15/86	6.3-7.25%	16,470	—	4,800	11,670
Bearer Bonds dated 11/1/66 through 5/1/79	0.25-8.0%	7,550	—	5,655	1,895
Notes payable	5.44-7.18%	21,420	20,000	435	40,985
Total general obligation bonds and notes payable		623,645	187,855	115,995	695,505
Revenue Refunding Bonds, Boston City Hospital, Series B, dated 6/1/93	3.60-5.25%	162,320	—	3,930	158,390
Total bonds and notes payable		785,965	187,855	119,925	853,895
Other long-term obligations:					
Leases		20,931	11,983	11,530	21,384
Tax abatement refunds		4,000	—	2,000	2,000
Judgments and claims		30,500	12,517	26,612	16,405
Sick and vacation, net		83,741	4,270	—	88,011
Landfill closure and postclosure		—	22,405	—	22,405
Total other long-term obligations		139,172	51,175	40,142	150,205
Total general long-term obligations		\$ 925,137	239,030	160,067	1,004,100

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

The annual debt service requirements of the City's general obligation governmental bonds and notes payable outstanding as of June 30, 1998, are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
1999	\$ 64,320	34,892	99,212
2000	63,848	31,522	95,370
2001	62,196	28,157	90,353
2002	60,521	25,032	85,553
2003	58,231	21,988	80,219
2004-2008	204,094	72,536	276,630
2009-2013	135,025	30,185	165,210
2014-2018	<u>47,270</u>	<u>4,632</u>	<u>51,902</u>
Total	\$ <u>695,505</u>	<u>248,944</u>	<u>944,449</u>

General obligation bonds are backed by the full faith and credit of the City. The Commonwealth has approved school construction assistance, subject to annual appropriation by the state legislature and reports filed with the Commonwealth by the City, to partially provide resources for future principal and interest requirements on general obligation school bonds of the City. In addition, the Boston Water and Sewer Commission ("BWSC") is required by its enabling legislation to reimburse the City for future principal and interest requirements on the general obligation water and sewer bonds. As of June 30, 1998, such resources expected to be provided to the City total \$164.4 million from the Commonwealth and \$107 thousand in principal and interest from the BWSC.

The Boston Public Health Commission (see note 13) has assumed responsibility for paying to the City an amount equal to current debt service on all outstanding general obligation bonds of the City issued for public health and hospital purposes which amounted to \$34.3 million at June 30, 1998.

The annual debt service requirements of the City's Revenue Refunding Bonds, Boston City Hospital, Series B, outstanding as of June 30, 1998, are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
1999	\$ 4,105	8,869	12,974
2000	4,310	8,672	12,982
2001	4,395	8,456	12,851
2002	4,485	8,232	12,717
2003	4,735	7,994	12,729
2004-2008	23,975	36,561	60,536
2009-2013	37,110	32,311	69,421
2014-2018	—	21,642	21,642
2019-2023	<u>75,275</u>	<u>21,642</u>	<u>96,917</u>
Total	\$ <u>158,390</u>	<u>154,379</u>	<u>312,769</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

The revenue refunding bonds do not constitute general obligations of the City and the annual debt service of these bonds has been assumed by the Boston Public Health Commission. The Boston Public Health Commission expects to meet its obligation on the bonds through application of a portion of the rent payable to the Boston Public Health Commission by the Boston Medical Center Corporation for its lease of the former Boston City Hospital campus. As a result of the consolidation (note 13), on July 1, 1996, the City received \$16.28 million, representing debt service reserve on these bonds. It was recorded as proceeds of debt in the capital projects fund and subsequently transferred to the general fund for future debt service requirements. Under certain circumstances, including a default by BMC under the lease, City revenues may be required to satisfy the debt service requirements on the Series B bonds (see note 13).

The City is subject to a dual general debt limit; the normal debt limit and the double debt limit. Such limits are equal to 2-1/2% and 5%, respectively, of the valuation of taxable property in the City as last equalized by the State Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general obligation debt which are exempt from the debt limit but are subject to other limitations.

As of June 30, 1998, the City may issue \$702.3 million of additional general obligation debt under the double debt limit. General obligation debt of \$290.3 million, subject to the debt limit, and \$407 million, exempt from the debt limit, is authorized but unissued as of June 30, 1998.

The City pays assessments to the Massachusetts Bay Transit Authority ("MBTA") under formulas that include debt service payments (commonly referred to as overlapping debt). At June 30, 1998, the MBTA had \$338.1 million in long-term debt outstanding, of which the City's estimated share was approximately 42.72%, or \$144.4 million.

Fiduciary Fund Obligations

Following is a summary of the long-term obligations of the Neighborhood Housing trust fund as of June 30, 1998 (in thousands):

	<u>Interest Rates</u>	<u>Outstanding, Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, End of Year</u>
Notes payable due through 4/24/07	Various	\$ <u>3,348</u>	<u>—</u>	<u>1,100</u>	<u>2,248</u>

The future annual debt principal payments for fiduciary fund long-term debt outstanding at June 30, 1998, are as follows (in thousands):

Year ending June 30:	
1999	\$ 1,090
2000	409
2001	196
2002	215
2003	66
Thereafter	<u>272</u>
	\$ <u>2,248</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

Defeased Debt

On May 12, 1998, the City issued \$77.9 million in General Obligation Bonds dated April 15, 1998, with an average interest rate of 6.1%, of which \$62.9 million was used to advance refund \$58.0 million of 1989, 1990, 1992 and 1994 series bonds with an average interest rate of 6.6%. The refunded bonds were in-substance defeased and, as a result, the liability for the refunded bonds has been removed from the general long-term obligations account group. The transaction resulted in a reduction of \$500 thousand in debt service payments over the remaining lives of the bonds and an economic gain of \$1.7 million.

The following prior year transactions also met the requirements of an in-substance defeasance:

- On August 15, 1995, the City entered into a \$20.8 million Equipment Lease with Option to Purchase agreement to refinance \$20.76 million of equipment leases executed in fiscal years 1995 and 1996.
- On February 9, 1994, the City issued \$85.9 million in General Obligation Bonds, dated February 1, 1994 to advance refund \$74.3 million of 1985, 1986, 1988, 1989, 1990 and 1991 Series Bonds.
- On June 8, 1993, the City issued \$187.7 million in refunding bonds - Boston City Hospital - Series B dated June 1, 1993 with an average interest rate of 5.5% to advance refund \$169.3 million of other revenue bonds - Boston City Hospital - Series A.
- On February 10, 1993, the City issued \$92.3 million in General Obligation Bonds, dated February 1, 1993, to advance refund \$80.5 million of 1983, 1986, 1988, 1989 and 1992 Series bonds.

The principal amount of debt refunded through in-substance defeasance transactions and still outstanding at June 30, 1998 was \$300.2 million.

Lease Obligations

The City has entered into various capital lease agreements for equipment acquisition. Payments under these agreements are subject to annual appropriation and, by statute, are not included in the City's debt limit calculations. Activity in capital lease agreements during fiscal year 1998 was as follows (in thousands):

<u>Date of Issuance</u>	<u>Outstanding, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding, End of Year</u>
May 1, 1993	\$ 345	—	345	—
October 1, 1993	1,075	—	1,075	—
August 15, 1995	4,583	—	2,221	2,362
August 15, 1995	5,142	—	3,135	2,007
December 17, 1997	9,786	—	3,436	6,350
November 10, 1997	—	8,010	1,318	6,692
June 25, 1998	—	3,973	—	3,973
	<u>\$ 20,931</u>	<u>11,983</u>	<u>11,530</u>	<u>21,384</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

Future minimum payments under capital leases and installment sales as of June 30, 1998, are as follows (in thousands):

1999	\$ 9,486
2000	6,612
2001	3,357
2002	1,814
2003	982
Thereafter	<u>755</u>
Total minimum lease payments	23,006
Less amount representing interest	<u>1,622</u>
Total	\$ <u>21,384</u>

The City's commitment under operating leases is not significant.

No Obligation Debt

The City has outstanding industrial, commercial and housing development bonds, payable solely from revenues of the respective enterprises that do not constitute an indebtedness of the City and are not a charge against its general credit.

(8) Retirement Plans

(a) Plan Description

The City contributes to the State-Boston Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws ("MGL") assigns authority to establish and amend benefit provisions of the plan to the state legislature.

The System is administered by a five-person Board of Retirement consisting of the City Auditor who serves as a member *ex officio*, two members who are elected by the participants, in or retired from the service of the System, a fourth member appointed by the Mayor and a fifth member chosen by the other members.

Effective July 1, 1997, administration expenses are paid from investment earnings.

The System issues a publicly available financial report which can be obtained through the State-Boston Retirement System, Boston City Hall, Room 816, Boston, Massachusetts 02201.

The City also participates in the Boston Retirement System ("BRS") and made benefit payments of approximately \$5.8 million for the year ended June 30, 1998. The number of BRS plan participants was frozen in 1946. Disclosures for BRS are not material and, thus, are not presented.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

(b) Membership

Membership in the System consisted of the following at January 1, 1998, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	13,742
Terminated plan members entitled to but not receiving benefits	2,603
Active plan members	<u>20,114</u>
Total membership	<u>36,459</u>
 Total number of participating employers	 <u>5</u>

(c) Contributions

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5% - 9% of their regular gross compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. Participating employers are required to pay into the System their share of the remaining system-wide actuarially determined contribution, which is apportioned among the employers based on active covered payroll. The Commonwealth reimburses the City for benefits paid to school teachers and, through fiscal 1998, reimbursed the System for a portion of benefit payments for cost-of-living increases. The contributions of plan members and the participating employers are governed by Chapter 32 of the MGL. The City's required and actual contributions to the System for the years ended June 30, 1998, 1997 and 1996 were \$105 million, \$99 million and \$95 million or, \$70 million, \$65 million and \$60 million, net of teachers' retirement, respectively.

During the fall of 1997 the System's Retirement Board, the City Council and the Mayor approved the option for local funding of cost of living adjustments. As a result, effective in fiscal 1999, a locally funded cost of living adjustment of 2.1% on the first \$12,000 of a retiree's annual payment will be awarded. The System's funding schedule has been updated to reflect the increased liabilities resulting from the adoption of this option. These cost of living adjustments will be awarded automatically each year, except in years in which the Retirement Board determines that such an adjustment would substantially impair the funding schedule.

(d) Legally Required Reserve Accounts

The balances in the System's legally required reserves (on the statutory basis of accounting) at December 31, 1997 are as follows (in thousands):

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund	\$ 781,454	Active members' contribution balance
Annuity Reserve Fund	225,663	Retired members' contribution account
Military Service Credit	55	Members' contribution account while on military leave
Pension Reserve Fund	564,048	Amounts appropriated to fund future retirement benefits
Pension Fund	<u>788,942</u>	Remaining net assets
 Total	 \$ <u>2,360,162</u>	

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

All reserve accounts are funded at levels required by State statute.

(e) *Investment Concentration*

There were no investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of plan net assets.

(f) *Valuation of Investments*

Investments of the System are stated as follows:

- (a) Bonds are stated at quoted market value.
- (b) Equity securities are stated at quoted market value.
- (c) Real estate funds are stated at appraised value or partner's account value, whichever is more readily determinable.
- (d) Venture capital funds are stated at contributed cost or fair market value, whichever is more readily determinable.
- (e) International investments are stated at quoted market value and are included in equities and fixed income categories.
- (f) Cash is stated at carrying amount which is reconciled book balance.

(9) *Other Post-employment Benefit Disclosures*

In addition to the pension benefits described in note 8, the City provides post-retirement health care and life insurance benefits, in accordance with state statute and City ordinance, to eligible retirees. Currently 12,900 retirees meet the eligibility requirements as put forth in Chapter 32B of Massachusetts General Laws. The City pays 75% of Blue Cross/Blue Shield of Massachusetts ("BC/BS") premiums and 90% of HMO premiums for medical and hospitalization incurred by retirees and their dependents. The City also pays 75% of BC/BS Medicare premiums for each Medicare eligible retiree. The City provides for 50% of the premiums for \$5,000 of life insurance for each eligible retiree.

Expenditures, estimated to be \$33 million for these health care and life insurance benefits to retirees for 1998, are accounted for on a pay-as-you-go basis.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

(10) Operating Transfers

Operating transfers and their purposes during the year were as follows (in thousands):

	Transfers in (out)					Discretely Presented
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Trust Funds</u>		<u>Component Unit</u>
				<u>Expendable</u>	<u>Nonexp.</u>	<u>PHC</u>
Primary government:						
Debt service	\$ 32	(568)	536	—	—	—
Debt service reserve	—	—	—	—	—	—
Capital projects	—	(9,000)	9,000	—	—	—
Trust funds	<u>700</u>	<u>—</u>	<u>—</u>	<u>6,410</u>	<u>(7,110)</u>	<u>—</u>
	<u>732</u>	<u>(9,568)</u>	<u>9,536</u>	<u>6,410</u>	<u>(7,110)</u>	<u>—</u>
Discretely presented component unit:						
Debt reimbursement	19,019	—	—	—	—	(19,019)
Operating subsidy	<u>(66,678)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>66,678</u>
	<u>(47,659)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>47,659</u>
	\$ <u>(46,927)</u>	<u>(9,568)</u>	<u>9,536</u>	<u>6,410</u>	<u>(7,110)</u>	<u>47,659</u>

(11) Fund Deficits and Excess of Expenditures

The following funds had deficit equity balances at June 30, 1998 (in thousands):

Special revenue:	
Building loan program	\$ 256
C.D.B.G.	2,873
Empowerment zone program	944
HUD grants	<u>517</u>
	\$ <u>4,590</u>
Capital projects:	
Public works	2,716
Chapter 90 public ways	8,413
School projects	26,100
Urban and economic development	567
Parks and recreation	2,357
Departmental equipment	2,187
Public buildings	10,983
Hospital facilities	6,053
Trust funds	<u>28</u>
	\$ <u>59,404</u>
Internal Service:	
Health insurance	\$ <u>10,896</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 1998 in the following categories (in thousands):

Public safety:	
Police	\$ 3,062
Fire	3,203
Public works:	
Snow removal	1,515
Judgments and claims	3,793
State and district assessments:	
Parking surcharge	242
Special Education Chapter 766	34
City debt requirements/interest payments	<u>42</u>
	\$ <u>11,891</u>

Excess expenditures in public safety, snow removal and judgments and claims are allowed under the budgetary laws governing the City. State and district assessments exceeded original estimates which were provided by the Commonwealth. Income, taxes and funds not disposed of at June 30, 1998 cover the above expenditures in excess of budgeted amounts.

(12) Deferred Compensation Plan

During fiscal 1998, the City amended its deferred compensation plans such that the plans' assets are now held in trust for the exclusive benefit of participants and their beneficiaries. In addition, the City is not actively involved in managing the plans' assets. Accordingly, under GASB No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City eliminated from its agency fund the plans' assets and related liabilities, which amounted to \$158.4 million at July 1, 1997.

(13) Reorganization of the Public Health System

Effective July 1, 1996, the City's Department of Health and Hospitals and Trustees of Health and Hospitals, a component unit, were abolished. Substantially all their assets and liabilities, including title to the City's two hospitals, Boston City Hospital ("BCH") and Boston Specialty and Rehabilitation Hospital ("BSRH"), were transferred to and assumed by the Boston Public Health Commission ("PHC").

Also effective July 1, 1996, the operations of BCH and BSRH were consolidated with the operations of the Boston University Medical Center under the licensure and control of the Boston Medical Center Corporation ("BMC").

The PHC receives the majority of its funding from federal and state grants, lease agreements with BMC and a City appropriation. During fiscal 1998, the City appropriated \$66.7 million to the PHC. As described below, the PHC uses the appropriation to pay debt service on general obligation bonds, base assistance grant payments to BMC and a portion of the consolidation costs to BMC. The remainder of the appropriation is used for administrative purposes and to support the various public health programs run by the PHC. The City has budgeted \$52.8 million for the PHC for fiscal 1999.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

Due from PHC/BMC

On July 1, 1996, the PHC assumed a liability of \$149.8 million for a mortgage note (the "Note") held by a trustee and insured by the Federal Housing Authority ("FHA"), the balance of which is \$143.7 million at June 30, 1998. Payments made by the PHC on this Note are used, together with other funds held in trust, by the trustee to pay off the outstanding balance of \$158.4 million of the City's revenue refunding bonds dated June 1, 1993 (see note 7). The PHC receives funding for these Note payments from the BMC under a lease agreement whereby the BMC leases portions of the former BCH campus for an initial period of 50 years. Rental payments received under this lease are equal to the debt service costs on the Note and on all City general obligation bonds allocable to BCH. These general obligation bonds were issued by the City between December 1967 and October 1995 and total \$34.3 million at June 30, 1998. These bonds pertain to the property and operations of the BCH Campus, South Block Campus, BSRH Campus, Emergency Medical Services Operations and the Long Island Campus.

In addition, the PHC and BMC are also responsible for reimbursing the City for health insurance, equipment lease payments, workers' compensation, telephone, xerox, gasoline and other miscellaneous expenses paid for by the City.

Payments to BMC

Under the terms of the consolidation agreement, the PHC is obligated to pay BMC \$1.0 million per year for five (5) years, beginning on July 1, 1996, to subsidize the costs of consolidation. If after 5 years, total consolidation costs total less than \$10.0 million, the PHC is entitled to a rebate in an amount that will bring the PHC's share of these costs to 50%.

In addition, the PHC is obligated to make base assistance grant payments to BMC totaling \$31.0 million for fiscal years 1997 through 2000. For years after 2000, PHC will pay \$12.0 million each year until the FHA Note has been paid off (scheduled in 2020). The total base assistance grant payments for fiscal 1998 were \$7.0 million.

During each of the four (4) fiscal years immediately following the consolidation, the City is required to provide a capital contribution to the BMC to defray a portion of the cost of capital improvements and capital needs relating to the activities conducted at, and the use of, the BCH campus leased by the BMC. The aggregate annual capital contribution shall not exceed \$8.0 million in fiscal 1997, \$7.0 million in fiscal 1998, \$6.0 million in fiscal 1999 and \$4.0 million in fiscal 2000. If payments in any fiscal are less than the amount specified, the amount of the shortfall will be added to the aggregate contribution during the subsequent year. Because the City did not pay any capital contribution costs in fiscal 1997, the aggregate total for that year was added to the fiscal 1998 contribution. Fiscal 1998 contributions made by the City totaled \$8.1 million.

During fiscal year 1997, the City deposited \$8.0 million of unexpended general obligation debt proceeds into an escrow account which were used during fiscal years 1997 and 1998 to complete capital projects on the property leased by BMC.

In addition, during fiscal 1997, the City made \$20.0 million in contributions to a capital fund in support of the Boston HealthNet health center members. The BMC is expected to provide \$2.0 million in each of the six (6) years following the consolidation in additional support to the Boston HealthNet health center members.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

(14) Risk Management

The City is self insured for general liability, property and casualty (except for boiler and machinery losses up to \$1 million), worker injury, unemployment and certain employee health claims. The City's Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations, with exposure limited by a state tort cap under Chapter 258 of the Massachusetts General Laws. Except for certain health care costs described below, judgments and claims are charged to the general fund.

The City's health insurance program, administered by the Health Insurance and Benefits Division, a program within Human Resources, provides coverage to the City's employees and retirees through a number of Health Maintenance Organizations ("HMO") and Blue Cross/Blue Shield of Massachusetts ("BC/BS"). Costs to the City for the HMOs, of which 10% are paid by employees, are accounted for in the general fund.

BC/BS acts as a third party agent for the City in the payment of the various claim plans used by the City. Costs incurred for the operation of the BC/BS plans, of which 25% are paid by employees, are accounted for in a separate health insurance internal service fund. These costs are contained on an individual case basis by a commercial insurance policy capping costs at \$175 thousand per case.

The City has established a liability based on historical trends of previous years and attorney's estimates of pending matters and lawsuits in which the City is involved. Changes in the self insurance liability for the fiscal years ended June 30, 1998 and 1997 are as follows (in thousands):

	1998		1997	
	Internal Service Fund	General Long-Term Obligations Account Group	Internal Service Fund	General Long-Term Obligations Account Group
Judgments and claims, beginning of year	\$ 11,192	30,500	14,629	38,100
Incurred claims	59,470	12,517	58,563	28,933
Payments of claims attributable to events of both the current and prior fiscal years:				
Health and life	(60,645)	—	(62,000)	—
Workers' compensation	—	(18,530)	—	(15,536)
Unemployment compensation	—	(665)	—	(861)
Court judgments	—	(7,417)	—	(20,136)
	<u>(60,645)</u>	<u>(26,612)</u>	<u>(62,000)</u>	<u>(36,533)</u>
Judgments and claims, end of year	\$ <u>10,017</u>	<u>16,405</u>	<u>11,192</u>	<u>30,500</u>

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years.

There are numerous pending matters and lawsuits in which the City is involved. The City attorneys estimate that the potential claims against the City not recorded in the accompanying general purpose financial statements resulting from such litigation would not materially affect the general purpose financial statements.

Effective July 1, 1998, property losses will be capped at \$10 million per incident by an all-risk catastrophic commercial insurance policy.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

(15) Discretely Presented Component Units

The following presents condensed financial statements for each of the discretely presented component units:

Condensed Balance Sheet

June 30, 1998
(in thousands)

	<u>PHC</u>	<u>BRA</u>	<u>TPL</u>	<u>EDIC</u>	<u>Total</u>
Assets:					
Current assets	\$ 21,830	82,762	50,346	26,203	181,141
Due from BMC	169,016	—	—	—	169,016
Property, plant and equipment	17,342	2,239	4,457	24,356	48,394
Amounts to be provided	<u>178,014</u>	<u>3,170</u>	<u>—</u>	<u>—</u>	<u>181,184</u>
Total assets	<u>386,202</u>	<u>88,171</u>	<u>54,803</u>	<u>50,559</u>	<u>579,735</u>
Liabilities:					
Current liabilities	5,363	58,796	1,866	3,027	69,052
Accrued liabilities	9,592	3,397	—	3,102	16,091
Due to BMC	8,641	—	—	—	8,641
Due to primary government	178,299	—	525	—	178,824
Deferred revenue	164,146	16,873	250	9,402	190,671
Bonds and notes payable	<u>—</u>	<u>1,475</u>	<u>—</u>	<u>20,219</u>	<u>21,694</u>
Total liabilities	<u>366,041</u>	<u>80,541</u>	<u>2,641</u>	<u>35,750</u>	<u>484,973</u>
Equity:					
Investment in general fixed assets	17,342	2,239	4,457	—	24,038
Retained earnings	—	—	—	14,809	14,809
Fund balances	<u>2,819</u>	<u>5,391</u>	<u>47,705</u>	<u>—</u>	<u>55,915</u>
Total equity	<u>20,161</u>	<u>7,630</u>	<u>52,162</u>	<u>14,809</u>	<u>94,762</u>
Total liabilities and equity	\$ <u>386,202</u>	<u>88,171</u>	<u>54,803</u>	<u>50,559</u>	<u>579,735</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

Condensed Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 1998
(in thousands)

	<u>PHC</u>	<u>BRA</u>	<u>Total</u>
Revenues	\$ 52,853	12,277	65,130
Expenditures:			
Operating and other	99,886	8,751	108,637
Capital outlay	<u>—</u>	<u>2,419</u>	<u>2,419</u>
Excess of revenues over (under) expenditures	(47,033)	1,107	(45,926)
Transfers to primary government	(19,019)	—	(19,019)
Transfers from primary government	<u>66,678</u>	<u>—</u>	<u>66,678</u>
Net changes in fund balance	626	1,107	1,733
Fund balance, beginning of year	<u>2,193</u>	<u>4,284</u>	<u>6,477</u>
Fund balance, end of year	\$ <u><u>2,819</u></u>	<u><u>5,391</u></u>	<u><u>8,210</u></u>

Condensed Statement of Revenues, Expenses and Changes in Fund Equity

Year ended June 30, 1998
(in thousands)

	<u>TPL</u>	<u>EDIC</u>	<u>Total</u>
Operating revenues	\$ 18,815	9,004	27,819
Operating expenses:			
Depreciation	—	1,319	1,319
Other	<u>17,730</u>	<u>18,749</u>	<u>36,479</u>
Operating income (loss)	1,085	(11,064)	(9,979)
Other nonoperating revenues	<u>—</u>	<u>13,518</u>	<u>13,518</u>
Net income for the year	1,085	2,454	3,539
Fund equity, beginning of year	<u>46,620</u>	<u>12,355</u>	<u>58,975</u>
Fund equity, end of year	\$ <u><u>47,705</u></u>	<u><u>14,809</u></u>	<u><u>62,514</u></u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

(16) Status of Year 2000 Technology Issues (Unaudited)

The "Year 2000 problem" refers to the potential inability of many computer programs, electronic data processing systems and equipment with embedded microchips to function properly due to certain date-related programming conventions. The most significant of these problems arises because many existing computer programs use only the last two digits to refer to a year. Therefore, these computer programs may recognize a date using 00 as the year 1900 rather than the year 2000. The year 2000 problem could, if not corrected, result in system failures or miscalculations causing disruptions in operations and normal business activities.

The City began addressing the Year 2000 problem in 1995 with planning efforts initiated by the City's Management and Information Services (MIS) Department. Since 1995, the City's Year 2000 project has grown in magnitude. Currently, individual City agencies are responsible for their internal Year 2000 remediation. The MIS Department is responsible for remediation of inter-departmental systems and for Year 2000 coordination City-wide, with executive oversight provided by a committee consisting of the Chief Operating Officer, the Chief Financial Officer and the Director of MIS.

The City's Year 2000 project consists of the five recognized phases of Year 2000 remediation: awareness, assessment, renovation, validation and implementation. The project prioritizes the following areas: public safety, financial systems, education, health and human services and common support systems. The City's systems are grouped into three components: MIS Systems, Department Systems and Department Equipment.

Current efforts are devoted to the assessment and renovation phases; however, full Year 2000 compliance has been achieved for certain critical systems:

- MIS installed a Year 2000 compliant mainframe environment in 1996 and a Year 2000 compliant operating system in July 1997. A Year 2000 compliant Computer Aided Dispatch (CAD) server was purchased and installed in June 1998. The real estate and personal property assessment systems are compliant and Year 2000 ready due to re-coding.
- Year 2000 compliant financial and human resources/payroll systems were purchased in December 1997 and will be implemented in phases beginning July 1, 1999, over an eight-month period by the Boston Administrative Information Services (BAIS) Project Team. Current systems are being re-coded and will be available for use, as a contingency.
- MIS has conducted an inventory of the City's major computer systems (MIS Systems) and has begun testing and re-coding efforts on those prioritized as critical systems. Of the eighty-eight systems identified, fifty-seven (65%) have been tested and are Year 2000 compliant.
- Major department systems exist in: Boston Public Schools, Boston Public Library, Financial Cabinet and Graphic Arts. Year 2000 issues for these systems have been identified, budgeted for and remediation efforts are underway.
- All City departments have been directed to complete an inventory of hardware, software, embedded systems and external dependencies/data exchange partners/supplies. MIS is coordinating the collection of this data and has assigned staff to work with departments individually to ensure the accuracy of the assessment. Based on this data, comprehensive contingency plans will be developed.
- All City departments have been directed to contact their vendors in writing to receive written verification that Year 2000 standards will be incorporated into all software upgrades released prior to January 1, 2000.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

- The City's procurement procedures require the inclusion of language that requires that all technologies procured by the City are Year 2000 compliant.

The City anticipates substantially completing the assessment phase by the end of calendar year 1998 and expects that internal mission-critical systems and operations will be Year 2000 compliant by January 1, 2000. The City is currently working internally and with outside governmental and private sector organizations to develop comprehensive contingency plans, with an implementation date targeted for July 1, 1999.

To date the City has expended \$8.8 million on Year 2000 remediation on some core systems and replacement of others. An additional \$26.4 million has been appropriated to date, and further appropriations are expected.

The City is working diligently to address the Year 2000 problem. However, because of the inherent complexity of the task, the City at this stage in its remediation efforts cannot provide complete assurance that the Year 2000 problem will not cause disruptions in operations or financial activities. Additionally, although the City is monitoring the remediation activities of other organizations with which it transacts business or conducts operations, failures by these organizations to resolve their Year 2000 problems could also cause disruptions to the City's operations or financial activities.

CITY OF BOSTON, MASSACHUSETTS
State-Boston Retirement System

Required Supplementary Information
(Unaudited)
(Dollar amounts in thousands)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/98	\$ 2,411,000	\$ 3,614,000	\$ 1,203,000	66.7%	\$ 768,000	156.6%
01/01/97	2,062,000	3,173,000	1,111,000	65.0%	735,000	151.2%
01/01/96	1,834,000	2,940,000	1,106,000	62.4%	777,000	142.3%
01/01/95	1,509,000	2,901,000	1,392,000	52.0%	713,000	195.1%
01/01/94	1,523,000	2,745,000	1,222,000	55.5%	696,000	175.6%
06/30/93	1,354,000	2,598,000	1,244,000	52.1%	679,000	183.2%

Schedule of Contributions from Employers and the Commonwealth of Massachusetts

Year Ended December 31	Annual Required Contribution	Percentage Contributed
1997	\$ 151,645	100%
1996	150,561	100
1995	141,032	100
1994	125,890	100
1993	146,279	100
1992	181,633	100

Notes to Schedules

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 1998
Actuarial cost method	Individual entry age normal
Amortization method	Approximate level percent of payroll-open
Remaining amortization period	22 years (for original unfunded)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5.5%
Cost-of-living adjustments	2.1%, factored into calculations beginning January 1, 1998.



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GENERAL FUND

The general fund is the operating fund of the City. It is used to account for all revenues, expenditures and other financial resources except those required to be accounted for in other funds.

Exhibit A-1

GENERAL FUND
Comparative Balance Sheets
June 30, 1998 and 1997
(in thousands)

ASSETS	<u>1998</u>	<u>1997</u>
Cash and investments.....	\$ 268,056	\$ 254,640
Restricted cash and investments.....	16,280	16,280
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Property taxes.....	97,162	103,861
Motor vehicle excise.....	8,169	1,682
Intergovernmental.....	35,000	35,316
Departmental and other.....	3,138	4,931
Total receivables.....	<u>143,469</u>	<u>145,790</u>
Due from other funds.....	63,500	5,475
Due from component units.....	178,553	191,280
Due from Boston Medical Center.....	951	1,569
Total assets.....	<u>\$ 670,809</u>	<u>\$ 615,034</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Warrants and accounts payable.....	\$ 116,091	\$ 93,487
Accrued liabilities:		
Tax abatement refunds.....	98,000	94,096
Other.....	28,821	33,672
Due to other funds.....	2,464	777
Due to component units.....	2,696	-
Deferred revenue.....	279,313	286,512
Matured interest and bonds payable.....	580	641
Total liabilities.....	<u>527,965</u>	<u>509,185</u>
Fund balance:		
Reserved for:		
Debt service.....	16,280	16,280
Encumbrances and continuing appropriations.....	24,774	22,385
Unreserved:		
Undesignated.....	101,790	67,184
Total fund balance.....	<u>142,844</u>	<u>105,849</u>
Total liabilities and fund balance.....	<u>\$ 670,809</u>	<u>\$ 615,034</u>

Exhibit A-2

GENERAL FUND

Comparative Statements of Revenues, Expenditures and Changes in Fund Balance
 Years Ended June 30, 1998 and 1997
 (in thousands)

	<u>1998</u>	<u>1997</u>
REVENUES:		
Local:		
Real and personal property taxes, net.....	\$ 754,561	\$ 720,577
Excises.....	67,241	63,539
Payments in lieu of taxes.....	56,224	52,337
Fines.....	46,292	48,798
Investment income.....	18,526	16,588
Licenses and permits.....	21,833	19,009
Departmental and other revenue.....	50,241	47,968
Total local revenues.....	<u>1,014,918</u>	<u>968,816</u>
Intergovernmental:		
Commonwealth of Massachusetts.....	414,778	380,440
Total intergovernmental revenues.....	<u>414,778</u>	<u>380,440</u>
Total revenues.....	<u>1,429,696</u>	<u>1,349,256</u>
EXPENDITURES:		
Current:		
General government.....	43,850	55,358
Human services.....	4,717	5,256
Public safety.....	322,190	292,935
Public works.....	60,163	55,843
Property and development.....	31,934	30,519
Parks and recreation.....	11,783	11,272
Library.....	24,468	24,014
Schools.....	505,795	478,659
County.....	8,267	7,657
Judgments and claims.....	7,911	20,136
Other employee benefits.....	76,279	75,693
Retirement costs.....	75,382	72,299
State and district assessments.....	64,187	62,457
Capital outlays.....	6,403	4,783
Debt service.....	102,445	100,523
Total expenditures.....	<u>1,345,774</u>	<u>1,297,404</u>
Excess of revenues over expenditures.....	<u>83,922</u>	<u>51,852</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in.....	732	18,595
Operating transfers to component unit.....	(66,678)	(60,890)
Operating transfers from component unit.....	19,019	19,846
Total other financing uses.....	<u>(46,927)</u>	<u>(22,449)</u>
Excess of revenues and other financing sources over expenditures and other financing uses.....	<u>36,995</u>	<u>29,403</u>
Fund balance, beginning of year.....	<u>105,849</u>	<u>76,446</u>
Fund balance, end of year.....	<u>\$ 142,844</u>	<u>\$ 105,849</u>

Exhibit A-3

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

1998					
Classification	Original Budget	Final Budget	Actual	Variance	
				Favorable (Unfavorable)	1997 Actual
PROPERTY TAXES					
Real and Personal Property Taxes.....	\$ 740,923	\$ 740,923	\$ 731,872	\$ (9,051)	\$ 710,953
Revenue class total	740,923	740,923	731,872	(9,051)	710,953
MOTOR VEHICLE EXCISE					
Motor Vehicle Excise - Current	28,600	28,600	30,919	2,319	18,333
Motor Vehicle Excise - Prior Years.....	-	-	1,422	1,422	11,943
Boat Excise - Current	20	20	-	(20)	-
Revenue class total	28,620	28,620	32,341	3,721	30,276
OTHER EXCISE TAXES					
Hotel / Motel Room Excise.....	19,837	19,837	21,943	2,106	19,671
Aircraft Fuel Excise.....	12,000	12,000	12,588	588	12,078
Condominium Con. Excise.....	200	200	329	129	144
County Deeds Excise Fund.....	-	-	(554)	(554)	1,370
Urban Redevelopment Ch. 121A.....	24,500	24,500	26,179	1,679	25,809
Revenue class total	56,537	56,537	60,485	3,948	59,072
COMMONWEALTH OF MASSACHUSETTS					
State Owned Lands.....	207	207	207	-	-
R.E. Abatements - Elderly.....	230	230	38	(192)	-
R.E. Abatements - Other.....	264	264	264	-	264
(continued)					

(continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

1998				
Classification	Original Budget	Final Budget	Actual	Variance
				Favorable (Unfavorable)
R.E. Abatements - Blind.....	27	27	27	-
Elderly Exemptions 1977 Chapter 967.....	789	789	729	(60)
State Lottery Local Aid.....	45,658	49,590	49,590	-
Highways - Local Aid.....	837	837	837	-
Veterans Services - Local Aid.....	1,195	1,195	1,334	139
Pensions - Retired Teachers.....	35,000	35,000	35,276	276
Local Aid - Add'l Assistance Chapter 36.....	206,638	206,638	206,638	-
Racing Taxes.....	462	462	531	69
School Construction - State.....	11,230	11,230	11,230	-
School Aid Chapter 70.....	132,091	132,091	132,968	877
Transportation of Pupils.....	10,004	10,004	9,697	(307)
Tuition For State Wards.....	1,591	1,591	645	(946)
Revenue class total	446,223	450,155	450,011	(144)
DEPARTMENTAL & OTHER REVENUE				
Penalties & Interest - Property Taxes.....	1,275	1,275	1,636	361
Penalties & Interest - Motor Vehicle.....	2,800	2,800	2,809	9
Penalties & Interest - Tax Title.....	4,800	4,800	5,106	306
Penalties & Interest - Boat Excise.....	1	1	-	(1)
Unapportioned Sidewalk Assessments.....	-	-	2	2
Unapportioned Street Assessments.....	-	-	4	4
Purchasing Services.....	25	25	18	(7)
Registry Division Fees.....	900	900	892	(8)
				871
				(continued)
				415,066
				1,263
				2,818
				4,751
				-
				-
				-
				42
				871

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

Classification	1998			Variance		1997 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)		
City Record Sale of Publications.....	33	33	38	5		50
Assessing Fees.....	36	36	40	4		35
Liens.....	675	675	844	169		635
Sale of Equipment.....	40	40	28	(12)		-
City Clerk Fees.....	450	450	496	46		397
Election Fees.....	30	30	31	1		166
Rent Equity Fees.....	-	-	-	-		1
Public Health Support Payments.....	4,300	6,457	8,160	1,703		8,722
City Council Sale of Publications.....	1	1	4	3		1
Other General Services.....	48	48	74	26		59
Police Services.....	900	900	748	(152)		871
Fire Services.....	2,300	2,300	2,528	228		2,112
Civil Defense.....	-	-	-	-		4
Parking Facilities.....	1,000	1,000	1,082	82		1,989
Street, Sidewalk and Curb Repairs.....	2,200	2,200	4,776	2,576		1,931
Demolition of Abandoned Structures.....	5	5	19	14		5
Building - Rents.....	265	265	232	(33)		272
Real Property - Other.....	140	140	185	45		137
Other Revenues - Public Facilities.....	80	80	207	127		95
Concessions - Parks.....	12	12	1	(11)		10
Fiber Optic Access Fees.....	-	-	423	423		-
Public Works - Other Charges.....	2	2	2	-		2
Transportation Dept. - Recycled Autos.....	17	17	25	8		16
						(continued)

(continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

<u>Classification</u>	<u>1998</u>			<u>Variance</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>1997 Actual</u>
Tuition and Transportation - Schools.....	550	550	608	58	612
Miscellaneous Receipts - Schools.....	12	12	10	(2)	7
Library Fees.....	160	160	148	(12)	138
Library of Last Recourse.....	-	2,622	2,623	1	2,486
Registry of Deeds.....	2,150	2,150	2,343	193	1,994
Telephone Commissions - Jail.....	1	1	-	(1)	-
Telephone Commissions - Real Property.....	115	115	100	(15)	116
City Workers' Comp. Reimbursement.....	1,100	1,100	1,410	310	674
Miscellaneous Law.....	10	10	4	(6)	21
Settlements.....	700	700	565	(135)	1,224
Special Prosecutors Office.....	25	25	38	13	21
Fringe Reimbursements.....	-	-	18	18	-
Pensions and Annuities.....	2,400	2,400	1,851	(549)	3,596
Indirect Costs Reimbursement.....	775	775	1,125	350	759
Private Detail - Payroll.....	-	-	26	26	(452)
Fire Department Special Detail.....	-	-	63	63	5
Property Management - Detail.....	-	-	(52)	(52)	1
Parks and Recreation Special Detail.....	-	-	(2)	(2)	-
Suffolk County Detail.....	-	-	(12)	(12)	-
Contributions and Donations.....	-	-	-	-	4
Prior Year Reimbursements.....	3,200	3,200	2,150	(1,050)	889
Other General Services.....	70	70	46	(24)	3,124

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

Classification	1998				1997 Actual
	Original Budget	Final Budget	Actual	Variance	
				Favorable (Unfavorable)	
Miscellaneous Refunds.....	120	120	68	(52)	175
Miscellaneous Collections.....	63	63	18	(45)	1,865
Child Support Reimbursement.....	35	35	29	(6)	42
Mayor's Office.....	-	-	-	-	52
Miscellaneous - Treasury.....	50	50	(157)	(207)	47
Paid Detail - Administrative Fees.....	1,550	1,550	1,652	102	1,610
Public Facilities - Administrative Fees.....	11	11	12	1	8
Fire - Administrative Fees.....	170	170	208	38	209
Parks and Recreation 10% Admin Fee.....	1	2	14	12	2
Health Insurance Admin Fee.....	80	80	113	33	85
Suffolk County 10% Admin Fee.....	5	5	2	(3)	-
Revenue class total	35,688	40,468	45,431	4,963	46,569
FINES					
Parking Fines.....	41,000	41,000	16,028	(24,972)	16,564
Mail Collection of Parking fines.....	-	-	28,160	28,160	28,770
Municipal Criminal Court.....	35	35	35	-	35
Municipal Civil Court.....	3,000	3,000	1,842	(1,158)	3,313
East Boston District Court.....	40	40	37	(3)	44
Brighton District Court.....	45	45	45	-	40
Charlestown District Court.....	3	3	(11)	(14)	15
Dorchester District Court.....	15	15	17	2	17
Roxbury District Court.....	12	12	12	-	14
					(continued)

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

Classification	1998			Variance Favorable (Unfavorable)	1997 Actual
	Original Budget	Final Budget	Actual		
South Boston District Court.....	15	15	18	3	22
West Roxbury District Court.....	15	15	12	(3)	17
ISD - Board of Appeals.....	1	1	1	-	1
County Jail.....	1	1	-	(1)	4
Code Enforcement.....	85	85	96	11	108
Revenue class total	44,267	44,267	46,292	2,025	48,964

PAYMENTS IN LIEU OF TAXES

Boston College.....	241	241	188	(53)	185
New England Deaconess Hospital.....	42	42	42	-	42
New England Medical Center Hospital.....	575	784	784	-	530
Blue Cross / Blue Shield.....	1,075	1,075	503	(572)	-
Old City Hall.....	585	585	580	(5)	564
Boston University.....	875	1,576	1,576	-	1,600
Mass Port Authority.....	10,431	10,431	10,254	(177)	10,127
Sale of Property - Special Taxes.....	115	115	142	27	87
Berkeley School.....	144	144	141	(3)	150
Trimount Foundation.....	14	14	14	-	14
Harvard Community Health Plan.....	215	215	184	(31)	209
Mass General Hospital.....	1,450	1,450	1,431	(19)	1,437
Harvard University.....	1,250	1,250	1,287	37	1,212
Suffolk University.....	133	133	176	43	74
Simmons College.....	23	23	22	(1)	23

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

Classification	1998			Variance		1997
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)		Actual
Northeastern University.....	124	124	124	-		124
North End Nursing Home.....	28	28	-	(28)		84
New England School of Law.....	13	13	13	-		13
Brigham and Women's Hospital.....	621	621	621	-		529
Tufts University.....	16	16	16	-		16
Section 2C.....	120	120	86	(34)		271
Boston Medical Center.....	94	94	118	24		31
Museum of Fine Arts.....	47	47	44	(3)		42
Children's Hospital.....	251	251	126	(125)		198
Showa.....	81	81	39	(42)		78
Wentworth Institute.....	2	2	-	(2)		2
Emerson College.....	20	20	20	-		19
Spaulding Rehabilitation Hospital.....	51	51	51	-		49
MASCO.....	66	66	66	-		63
Beth Israel Hospital.....	125	125	125	-		195
Massachusetts Mental Health Program.....	24	24	24	-		24
E.O.C.D.....	12	12	3	(9)		11
Bay Cove Human Services.....	23	23	23	-		11
Domicilia.....	3	3	3	-		3
Noble School House.....	13	13	13	-		13
Wang.....	56	56	6	(50)		-
Dana Farber Cancer Institute.....	92	92	-	(92)		-
Mass College of Pharmacy.....	91	91	91	-		87
Boston Housing Authority.....	251	251	411	160		-
						(continued)

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

Classification	1998			Variance		1997 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)		
Prudential Insurance Co.....	174	174	215	41	160	
Jamaica Tower and Townhouse.....	107	107	62	(45)	94	
Back Bay Manor Apartments.....	60	60	28	(32)	5	
St. Joseph Community Inc.....	5	5	7	2	3	
Jewish Comm. Housing Elderly Inc.....	91	91	82	(9)	76	
Roxse Homes, Inc.....	2,000	2,000	2,000	-	1	
One Beacon Street.....	1,077	1,077	1,671	594	1,001	
Jewish Comm. Housing Elderly II.....	82	82	89	7	85	
Newcastle Associates.....	12	12	20	8	12	
Summer Street Realty Corp.....	79	79	264	185	218	
Chauncy House Company.....	1	1	2	1	-	
Tenants Development Corp.....	112	112	121	9	106	
Concord House Associates.....	1	1	-	(1)	-	
Vivindas Associates.....	132	132	87	(45)	124	
Mercantile Wharf Associates.....	72	72	81	9	-	
Quincy Tower Associates.....	84	84	-	(84)	81	
Franklin Park Associates.....	81	81	75	(6)	75	
Gardner Apartments Associates.....	2	2	1	(1)	-	
Jamaica Plain Associates.....	1	1	2	1	-	
Citizens Bank.....	13	13	209	196	63	
Allied Stores Gen. Re. Corp.....	656	656	854	198	656	
Conway Court Associates.....	4	4	5	1	4	
Jewish Comm. Housing Elderly III.....	100	100	61	(39)	79	
					(continued)	

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

Classification	1998			Variance		1997 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)		
Anderson Street Associates.....	29	29	-	(29)		2
Mission Park Corp.....	-	-	4	4		10
Woodbury Cunard Associates.....	2	2	-	(2)		2
Medical Area Total Energy.....	1,419	1,419	1,649	230		1,382
Madison Park III Associates.....	124	124	118	(6)		120
Victory Gardens Associates.....	7	7	2	(5)		3
Reservoir Towers Associates.....	173	173	178	5		196
Bowdoin School Associates.....	8	8	9	1		8
Borinquen Associates.....	15	15	12	(3)		13
Ausonia Homes Associates.....	136	136	140	4		132
Smith House Associates.....	3	3	1	(2)		3
Haynes House Associates.....	5	5	2	(3)		2
Madison Park IV Associates.....	154	154	126	(28)		148
Cottage Brook Associates.....	61	61	51	(10)		49
Intervale - Magnolia Associates.....	50	50	47	(3)		48
Woodledge Associates.....	74	74	67	(7)		71
Woodbourne Community Housing Corp.....	6	6	2	(4)		5
School House '77 Associates.....	44	44	49	5		42
Peterborough House Associates.....	211	211	205	(6)		207
Dorchester Green LP.....	11	11	9	(2)		46
Mason Place Company.....	12	12	10	(2)		12
Keystone Apartments Co.....	210	210	202	(8)		203
Stearns Company.....	9	9	3	(6)		6
						(continued)

(continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

Classification	1998			Variance		1997 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)		
Blake Estates Associates.....	162	162	154	(8)	153	
Immobiare New England.....	3	3	13	10	3	
Servicenter, Inc.....	-	-	8	8	10	
Taurus At Fountain Hill.....	78	78	72	(6)	75	
Marcus Garvey Associates.....	101	101	-	(101)	-	
St. Botolph Terrace.....	29	29	18	(11)	28	
Casa Maria Housing Corp.....	3	3	-	(3)	-	
Hemenway Apt. Co.....	148	148	58	(90)	148	
Blake Estates Associates II.....	94	94	82	(12)	82	
Back Hill Comm. Devel. Associates.....	55	55	52	(3)	52	
Boston Rehab Associates.....	2	2	1	(1)	1	
Savin Hill Apartments Co.....	137	137	132	(5)	133	
Wait Street Associates.....	104	104	97	(7)	196	
Adams and Templeton Associates.....	71	71	68	(3)	69	
B'nai Brith Senior Citizens Housing.....	110	110	117	7	172	
Brighton Allston Elderly Home.....	35	35	32	(3)	33	
Bradford Towers Associates.....	236	236	217	(19)	213	
1000 Washington Street Inc.....	-	-	(156)	(156)	222	
Sarah Baker Manor Associates.....	36	36	33	(3)	35	
Frankie O'Day Corp.....	1	1	-	(1)	-	
On Luck Housing Devel. Inc.....	14	14	12	(2)	13	
Lafayette Place.....	-	-	-	-	23	
Governor Apt. Associates.....	94	94	90	(4)	88	
					(continued)	

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

1998						
Classification	Original Budget	Final Budget	Actual	Variance		1997 Actual
				Favorable (Unfavorable)		
Fieldstone Associates.....	-	-	-	-	-	1
Atrium on Comm. Ave.....	19	19	-	(19)		15
Dorchester Housing Associates.....	90	90	83	(7)		170
Charles H Farnsworth Housing Corp.....	53	53	48	(5)		53
ETC Development Corp.....	150	150	126	(24)		150
RHC and Associates.....	59	59	55	(4)		57
Mt. Pleasant Associates.....	118	118	-	(118)		114
Angela Westover Housing Corp.....	16	16	12	(4)		15
Oxford Place Associates.....	46	46	46	-		44
East Canton Street Associates.....	1	1	46	45		26
Rogerson Beacon Associates.....	75	75	89	14		73
Dimock-Bragdon Associates.....	37	37	34	(3)		35
Council of Elders.....	2	2	-	(2)		-
City Square Elderly Housing.....	74	74	-	(74)		71
Immobilier - Building 103.....	-	-	-	-		3
Boston Garden Corporation.....	48	48	(30)	(78)		48
Marriott Custom House Tower.....	167	167	167	-		82
Egleston Center.....	-	-	2	2		1
Revenue class total	29,569	30,479	29,947	(532)		26,377
INVESTMENT INCOME						
Interest on Investments.....	7,000	11,143	16,711	5,568		16,762
Revenue class total	7,000	11,143	16,711	5,568		16,762
						(continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

<u>Classification</u>	1998			Variance Favorable (Unfavorable)	1997 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
LICENSES AND PERMITS					
Building Structures and Permits.....	7,000	7,000	14,758	7,758	9,200
Weights and Measures.....	150	150	154	4	168
Street and Curb Permits.....	1,050	1,050	1,205	155	1,025
Pre-rental Inspections.....	75	75	81	6	66
Misc Charges-Inspectional Services.....	6	6	9	3	15
Public Safety-Inspectional Services.....	30	30	39	9	43
Health Inspections.....	875	875	1,046	171	882
Alcoholic Beverages and Licenses.....	2,210	2,210	2,273	63	2,196
Entertainment Licenses.....	475	475	479	4	466
Police and Protective Permits.....	500	500	429	(71)	542
Professional & Occupational Licenses.....	90	90	91	1	91
Other Business Licenses and Permits.....	925	925	910	(15)	897
Cable Television.....	1,840	1,840	1,888	48	1,752
Burial Permits.....	75	75	69	(6)	67
Revenue class total	15,301	15,301	23,431	8,130	17,410
SALE OF PROPERTY					
Sale of City Property.....	500	500	500	-	500
Revenue class total	500	500	500	-	500

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

Classification	1998			Variance Favorable (Unfavorable)	1997 Actual
	Original Budget	Final Budget	Actual		
TRANSFERS AND OTHER AVAILABLE FUNDS					
Surplus Property Fund.....	4,300	4,300	-	(4,300)	-
Appropriated Cemetery Trustee.....	700	700	700	-	700
Appropriated Parking Meter Receipts.....	8,500	8,500	8,500	-	8,500
Revenue class total	13,500	13,500	9,200	(4,300)	9,200
Total Revenues and Other Financing Sources	\$ 1,418,128	\$ 1,431,893	\$ 1,446,221	\$ 14,328	\$ 1,381,149



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Exhibit A-4

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

	1998				1997
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
GENERAL GOVERNMENT					
Costs of Issuance - RANS.....	\$ 500	\$ 500	\$ 455	\$ 45	\$ 446
Annual Audit Costs.....	600	430	289	141	567
Mayor's Office.....	1,604	1,614	1,606	8	1,573
City Council.....	2,840	2,840	2,751	89	2,690
Consumer Affairs and Licensing.....	407	407	373	34	305
Office of Community Partnerships.....	1,377	1,477	1,434	43	862
Election Department - Election Division.....	2,529	2,572	2,572	-	2,638
Election Department - Listing Board.....	322	316	224	92	292
Auditing Department.....	1,508	1,529	1,520	9	1,479
Assessing Department.....	4,815	4,874	4,839	35	5,140
Treasury Department - Collecting Division.....	2,306	2,333	2,227	106	2,262
Treasury Department - Treasury Division.....	1,247	1,320	1,290	30	1,359
Office of Budget Management.....	1,928	2,416	2,327	89	2,283
Human Resources.....	1,304	1,369	1,354	15	1,192
Purchasing Division.....	1,055	1,114	1,113	1	1,058
Office of Chief Operating Officer.....	886	915	874	41	720
Printing Division.....	1,223	1,283	1,199	84	1,238
Office Labor Relations.....	810	910	824	86	792
Management Information System.....	6,651	6,976	6,940	36	6,736
Intergovernmental Relations.....	822	852	841	11	799
Workers' Compensation Division.....	471	519	510	9	504

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

	1998			Variance		1997
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual	
Minority/Women's Business.....	376	464	464	-	346	
Office of Boston Residents Job Policy.....	296	314	308	6	280	
Risk Retention Reserve.....	1,000	1,000	1,000	-	-	
Law Department.....	3,544	3,490	3,411	79	3,841	
Major Vendor Clearing Account.....	-	-	-	-	373	
Lease Contracts Clearing Account.....	-	-	-	-	460	
City Clerk.....	717	811	810	1	701	
Registry Division.....	741	777	747	30	729	
Management Fund.....	210	210	207	3	210	
Finance Commission.....	164	164	163	1	147	
SPO Intelopath Centrex.....	-	-	-	-	1,212	
Reserve Fund.....	-	-	-	-	11,000	
Office of Civil Rights.....	354	354	275	79	300	
Emergency Shelter Commission.....	400	400	385	15	379	
Press Office.....	244	261	234	27	226	
Constituent/24 Hour Service.....	355	358	358	-	-	
Neighborhood Services.....	699	810	796	14	1,142	
Special Events and Tourism.....	1,012	1,012	1,002	10	1,037	
Capital Planning.....	-	-	-	-	317	
Women's Commission.....	130	130	129	1	121	
Office of Cultural Affairs.....	374	482	482	-	360	
Reserve For Collective Bargaining.....	7,332	694	694	-	-	
Function total	53,153	48,297	47,027	1,270	58,116	

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

	1998			Variance	
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	1997 Actual
HUMAN SERVICES					
Rental Housing Resource Center.....	809	820	726	94	776
Elderly Commission.....	2,201	2,202	2,145	57	2,218
Veterans Services Department.....	2,373	2,401	2,070	331	2,388
Function total	5,383	5,423	4,941	482	5,382
PUBLIC SAFETY					
Police Department.....	176,646	184,105	187,167	(3,062)	167,660
Fire Department.....	101,219	106,444	109,647	(3,203)	99,106
Transportation - Traffic Division.....	14,254	14,858	14,757	101	14,180
Transportation - Parking Clerk.....	7,472	7,018	6,996	22	7,352
Licensing Board.....	445	459	455	4	470
Inspectional Services Department.....	10,408	10,459	10,055	404	9,681
Youth Fund.....	4,254	5,242	5,242	-	5,674
Function total	314,698	328,585	334,319	(5,734)	304,123
PUBLIC WORKS					
Public Works Department.....	57,050	57,766	56,565	1,201	52,417
Snow Removal.....	3,250	3,250	4,765	(1,515)	5,025
Function total	60,300	61,016	61,330	(314)	57,442

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

	1998			Variance Favorable (Unfavorable)	1997 Actual
	Original Budget	Final Budget	Actual		
PROPERTY AND DEVELOPMENT					
Property Management.....	12,671	12,878	12,813	65	12,902
Central Maintenance Facility.....	2,643	2,703	2,630	73	2,264
Neighborhood Development.....	4,496	4,927	4,847	80	4,526
PFD - Community Schools Division.....	11,736	11,970	11,969	1	11,187
Function total	31,546	32,478	32,259	219	30,879
PARKS AND RECREATION					
Parks and Recreation Department.....	9,448	10,238	9,934	304	9,373
Environment Department.....	757	757	716	41	712
Cemetery Division.....	1,432	1,432	1,326	106	1,230
Function total	11,637	12,427	11,976	451	11,315
LIBRARY					
Library Department.....	21,545	24,949	24,515	434	24,016
Function total	21,545	24,949	24,515	434	24,016
SCHOOLS					
General School Purposes.....	506,934	507,215	507,172	43	475,612
Function total	506,934	507,215	507,172	43	475,612

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

	1998			Variance Favorable (Unfavorable)	1997 Actual
	Original Budget	Final Budget	Actual		
PUBLIC HEALTH					
Public Health Commission.....	64,770	66,678	66,678	-	60,890
Function total	64,770	66,678	66,678	-	60,890
COUNTY					
Registry of Deeds.....	1,712	1,753	1,723	30	1,624
Suffolk County Jail.....	5,875	6,588	6,588	-	6,038
Function total	7,587	8,341	8,311	30	7,662
JUDGMENTS AND CLAIMS					
Execution of Courts.....	4,111	4,111	7,904	(3,793)	17,938
Function total	4,111	4,111	7,904	(3,793)	17,938
OTHER EMPLOYEE BENEFITS					
Medicare Payments.....	2,885	2,782	2,782	-	2,492
Human Resources.....	68,719	67,771	67,717	54	69,870
Unemployment Compensation.....	50	50	34	16	465
Workers' Compensation Fund.....	3,729	3,729	3,645	84	4,062
Function total	75,383	74,332	74,178	154	76,889

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

	1998			Variance	1997
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual
PENSION COSTS					
State - Boston Retirement System.....	104,864	104,864	104,848	16	99,743
Pensions and Annuities - City.....	5,800	5,800	5,800	-	5,626
Pensions and Annuities - County.....	500	380	376	4	414
Retirement Board.....	-	-	-	-	1,376
Function total	111,164	111,044	111,024	20	107,159
DEBT REQUIREMENTS					
Redemption of City Loans.....	53,229	53,229	53,155	74	48,699
City Debt and Interest Payments.....	29,777	29,776	29,818	(42)	29,866
Interest on Temporary Notes.....	3,000	81	-	81	-
Function total	86,006	83,086	82,973	113	78,565
STATE & DISTRICT ASSESSMENTS					
State Exam of Retirement.....	256	256	256	-	286
Health Insurance/Retirement.....	604	604	604	-	644
Parking Surcharge.....	3,319	3,319	3,561	(242)	3,319
Mosquito Control Projects.....	169	169	169	-	128
					(continued)

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1998

(in thousands)

(with comparative actual amounts for 1997)

	1998			Variance		1997
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual	
Special Education Chapter 766.....	763	763	797	(34)	695	
Metropolitan Air Pollution Center.....	121	121	121	-	118	
Metropolitan Area Planning	129	129	129	-	126	
M.B.T.A. Assessments.....	58,540	58,540	58,540	-	57,131	
M.D.C. Assessments.....	10	10	10	-	10	
Function total	63,911	63,911	64,187	(276)	62,457	
Total Expenditures \$	1,418,128 \$	1,431,893 \$	1,438,794 \$	(6,901) \$	1,378,445	

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources, other than debt service, trust funds or capital projects, that are legally restricted for specific purposes.

City Fund accounts for a number of small federal and state grants administered by the City's individual departments. These funds provide additional support to department programs.

Revolving Fund accounts for funds that are set aside, generally by state statute, that are used to support the City's general fund operations. These funds are directly linked to a specific activity and are available without further City Council Appropriation.

Boston Public Schools accounts for funds provided by the U.S. Department of Education and the Commonwealth's Department of Education for the Boston Public Schools. These funds directly support a number of educational programs for the City's residents.

Community Development Block Grants (CDBG) are funds from the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant program. These funds are used to support eligible community development and social programs.

Empowerment Zone Program are funds provided through HUD's Empowerment Zone program. These grants are used for various residential, commercial and industrial projects within the City.

Home Bill Program are funds used to support housing, commercial development and social service programs in City neighborhoods.

Neighborhood Development Fund (NDF) accounts for loan repayments from the Urban Development Action Grants (UDAG). These funds are used for Title I eligible activities in the City's neighborhoods.

Building Loan Program are short term loans for eligible activities provided through the CDBG's program's unexpended balances.

HUD Grants Fund accounts for funds primarily used to either benefit low and moderate income persons or aid in the prevention or elimination of slums or blight.

Exhibit B-1

SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 1998

(in thousands)

(with comparative totals for 1997)

	<u>City Fund</u>	<u>Revolving Fund</u>	<u>Boston Public Schools</u>
ASSETS			
Cash and investments.....	\$ 812	\$ 79,015	\$ 656
Restricted cash and investments.....	-	-	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	12,074	59	22,417
Departmental and other.....	287	1,279	5
Total receivables.....	<u>12,361</u>	<u>1,338</u>	<u>22,422</u>
Due from other funds.....	151	224	100
Due from component units.....	-	271	-
Total assets.....	<u>\$ 13,324</u>	<u>\$ 80,848</u>	<u>\$ 23,178</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants and accounts payable.....	\$ 4,239	\$ 7,864	\$ 7,837
Other accrued liabilities.....	175	28,534	301
Due to other funds.....	5	1,400	12,811
Total liabilities.....	<u>4,419</u>	<u>37,798</u>	<u>20,949</u>
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations.....	5,524	4,764	2,692
Unreserved:			
Undesignated.....	3,381	38,286	(463)
Total fund balance (deficit).....	<u>8,905</u>	<u>43,050</u>	<u>2,229</u>
Total liabilities and fund balance.....	<u>\$ 13,324</u>	<u>\$ 80,848</u>	<u>\$ 23,178</u>

<u>Community Development Block Grants</u>	<u>Empowerment Zone Program</u>	<u>Home Bill Program</u>	<u>Neighborhood Development</u>
\$ 1,736	\$ -	\$ -	\$ 13,665
-	-	-	-
515	-	1,255	-
(175)	800	17	1
<u>340</u>	<u>800</u>	<u>1,272</u>	<u>1</u>
1,849	-	-	-
-	-	-	-
<u>\$ 3,925</u>	<u>\$ 800</u>	<u>\$ 1,272</u>	<u>\$ 13,666</u>
\$ 3,062	\$ 1,636	\$ 684	\$ 92
1,366	5	-	1,428
2,370	103	548	-
<u>6,798</u>	<u>1,744</u>	<u>1,232</u>	<u>1,520</u>
11,754	476	4,580	2,659
(14,627)	(1,420)	(4,540)	9,487
<u>(2,873)</u>	<u>(944)</u>	<u>40</u>	<u>12,146</u>
<u>\$ 3,925</u>	<u>\$ 800</u>	<u>\$ 1,272</u>	<u>\$ 13,666</u>

(continued)

Exhibit B-1 (continued)

SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 1998

(in thousands)

(with comparative totals for 1997)

	Building Loan Program	HUD Grants	Totals	
			1998	1997
ASSETS				
Cash and investments.....	\$ -	\$ 454	\$ 96,338	\$ 102,294
Restricted cash and investments.....	-	-	-	4,175
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):				
Intergovernmental.....	-	1,444	37,764	19,110
Departmental and other.....	-	14	2,228	802
Total receivables.....	<u>-</u>	<u>1,458</u>	<u>39,992</u>	<u>19,912</u>
Due from other funds.....	-	1	2,325	174
Due from component units.....	-	-	271	-
Total assets.....	<u>\$ -</u>	<u>\$ 1,913</u>	<u>\$ 138,926</u>	<u>\$ 126,555</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Warrants and accounts payable.....	\$ -	\$ 5	\$ 25,419	\$ 23,093
Other accrued liabilities.....	-	-	31,809	35,797
Due to other funds.....	256	2,425	19,918	1,582
Total liabilities.....	<u>256</u>	<u>2,430</u>	<u>77,146</u>	<u>60,472</u>
Fund balance:				
Reserved for:				
Encumbrances and continuing appropriations.....	-	24,226	56,675	62,856
Unreserved:				
Undesignated.....	(256)	(24,743)	5,105	3,227
Total fund balance (deficit).....	<u>\$ (256)</u>	<u>\$ (517)</u>	<u>\$ 61,780</u>	<u>\$ 66,083</u>
Total liabilities and fund balance.....	<u>-</u>	<u>1,913</u>	<u>138,926</u>	<u>126,555</u>



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Exhibit B-2

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1998

(in thousands)

(with comparative totals for 1997)

	<u>City Fund</u>	<u>Revolving Fund</u>	<u>Boston Public Schools</u>	<u>Community Development Block Grants</u>
REVENUES:				
Local:				
Departmental and other revenue.....	\$ -	\$ 16,003	\$ 468	\$ -
Total local revenues.....	<u>-</u>	<u>16,003</u>	<u>468</u>	<u>-</u>
Intergovernmental:				
Federal	21,182	39	59,846	32,503
Commonwealth of Massachusetts.....	74,140	9,681	15,230	-
Total intergovernmental revenues.....	<u>95,322</u>	<u>9,720</u>	<u>75,076</u>	<u>32,503</u>
Total revenues.....	<u>95,322</u>	<u>25,723</u>	<u>75,544</u>	<u>32,503</u>
EXPENDITURES:				
Current operations:				
General government.....	1,323	2,216	-	-
Human services.....	3,816	29	-	-
Public safety.....	14,828	8,526	-	-
Public works.....	265	15	-	-
Parks and recreation.....	2,111	2,117	-	-
Library.....	-	1,337	-	-
Schools.....	-	207	70,982	-
County.....	64,908	6,740	-	-
Community development.....	1,481	393	-	32,884
Capital outlays.....	905	-	4,082	2,307
Debt service.....	-	-	-	-
Total expenditures.....	<u>89,637</u>	<u>21,580</u>	<u>75,064</u>	<u>35,191</u>
Excess (deficiency) of revenues over expenditures.....	<u>5,685</u>	<u>4,143</u>	<u>480</u>	<u>(2,688)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Section 108 Loans.....	-	-	-	-
Operating transfers out	-	(9,568)	-	-
Total other financing sources (uses).....	<u>-</u>	<u>(9,568)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	5,685	(5,425)	480	(2,688)
Fund balance (deficit), beginning of year, as previously reported..	3,220	48,475	1,749	(185)
Reclassification of component units from blended to discrete presentation.....	-	-	-	-
Fund balance (deficit), end of year.....	<u>\$ 8,905</u>	<u>\$ 43,050</u>	<u>\$ 2,229</u>	<u>\$ (2,873)</u>

<u>Empowerment Zone Program</u>	<u>Home Bill Program</u>	<u>Neighborhood Development</u>
\$ -	\$ -	\$ -
-	-	-
1,151	9,433	3,687
-	-	-
1,151	9,433	3,687
1,151	9,433	3,687
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,090	10,477	22,050
-	-	-
-	-	2,175
2,090	10,477	24,225
(939)	(1,044)	(20,538)
-	-	20,000
-	-	-
-	-	20,000
(939)	(1,044)	(538)
(5)	1,084	12,684
-	-	-
\$ (944)	\$ 40	\$ 12,146

(continued)

Exhibit B-2 (continued)

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1998

(in thousands)

(with comparative totals for 1997)

	Building Loan Program	HUD Grants	Totals	
			1998	1997
REVENUES:				
Local:				
Departmental and other revenue.....	\$ -	\$ -	\$ 16,471	\$ 22,877
Total local revenues.....	-	-	16,471	22,877
Intergovernmental:				
Federal	1,133	14,740	143,714	128,055
Commonwealth of Massachusetts.....	-	-	99,051	94,515
Total intergovernmental revenues.....	1,133	14,740	242,765	222,570
Total revenues.....	1,133	14,740	259,236	245,447
EXPENDITURES:				
Current operations:				
General government.....	-	-	3,539	25,207
Human services.....	-	-	3,845	4,154
Public safety.....	-	-	23,354	21,995
Public works.....	-	-	280	145
Parks and recreation.....	-	-	4,228	4,389
Library.....	-	-	1,337	1,164
Schools.....	-	-	71,189	65,960
County.....	-	-	71,648	71,277
Community development.....	-	15,707	85,082	63,769
Capital outlays.....	-	-	7,294	6,102
Debt service.....	-	-	2,175	1,486
Total expenditures.....	-	15,707	273,971	265,648
Excess (deficiency) of revenues over expenditures.....	1,133	(967)	(14,735)	(20,201)
OTHER FINANCING SOURCES (USES):				
Proceeds from Section 108 Loans.....	-	-	20,000	-
Operating transfers out.....	-	-	(9,568)	(707)
Total other financing sources (uses).....	-	-	10,432	(707)
Excess (deficiencies) of revenues and other financing sources over expenditures and other financing uses.....	1,133	(967)	(4,303)	(20,908)
Fund balance (deficit), beginning of year, as previously reported...	(1,389)	450	66,083	89,825
Reclassification of component units from blended to discrete presentation.....	-	-	-	(2,834)
Fund balance (deficit), end of year.....	\$ (256)	\$ (517)	\$ 61,780	\$ 66,083

CAPITAL PROJECT FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bonds and from federal and state grants.

Departmental Equipment accounts for capital equipment provided to all City departments ranging from computer hardware to fire trucks and snow plows.

School Projects accounts for the construction, renovation and repairs to all school buildings.

Public Buildings accounts for the construction, renovation and repairs to all City-owned buildings.

Sale of City Property accounts for proceeds derived from the sale of City-owned properties.

Hospital Facilities accounts for the construction, renovation and repairs to buildings on the former Boston City Hospital campus now under the administration of the Boston Public Health Commission.

Urban and Economic Development accounts for the construction, renovation and rehabilitation to buildings and structures approved by the City's planning board.

Parks and Recreation accounts for the construction and repair of park areas throughout the City.

Parking Facilities accounts for the construction and repair of City-owned parking facilities throughout the City.

Public Works accounts for the construction, maintenance and repair of public work projects such as bridges, street lighting, sidewalks, water mains and sewer drainage.

Chapter 90 Public Ways accounts for the design, engineering, construction and reconstruction of major roadways, streets and sidewalks.

Trust Funds accounts for funds authorized for specific capital purposes as designated by each trust.

Bond Refunding accounts for funds received from the refunding of bond debt.

Financial System accounts for the purchase and implementation of PeopleSoft, Inc. Financial, Human Resources and Payroll Applications.

Other account for other miscellaneous expenditures for various projects.

Exhibit C-1

CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 1998

(in thousands)

(with comparative totals for 1997)

	<u>Departmental Equipment</u>	<u>School Projects</u>	<u>Public Buildings</u>
ASSETS			
Cash and investments.....	\$ -	\$ -	\$ -
Due from other funds.....	1,056	-	150
Total assets.....	<u>\$ 1,056</u>	<u>\$ -</u>	<u>\$ 150</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants and accounts payable.....	\$ 3,171	\$ 6,369	\$ 2,947
Other accrued liabilities.....	-	-	-
Due to other funds.....	<u>72</u>	<u>19,731</u>	<u>8,186</u>
Total liabilities.....	<u>3,243</u>	<u>26,100</u>	<u>11,133</u>
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations.....	2,434	56,880	20,949
Unreserved:			
Undesignated.....	<u>(4,621)</u>	<u>(82,980)</u>	<u>(31,932)</u>
Total fund balance (deficit).....	<u>(2,187)</u>	<u>(26,100)</u>	<u>(10,983)</u>
Total liabilities and fund balance.....	<u>\$ 1,056</u>	<u>\$ -</u>	<u>\$ 150</u>

City of Boston, Massachusetts

<u>Sale of City Property</u>	<u>Hospital Facilities</u>	<u>Urban and Economic Development</u>	<u>Parks and Recreation</u>	<u>Parking Facilities</u>
\$ 33,908	\$ 1,788	\$ -	\$ -	\$ 143
-	-	-	-	-
<u>\$ 33,908</u>	<u>\$ 1,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143</u>
\$ -	\$ 308	\$ 267	\$ 258	\$ -
-	1,787	-	-	-
-	5,746	300	2,099	-
<u>-</u>	<u>7,841</u>	<u>567</u>	<u>2,357</u>	<u>-</u>
33,908	891	2,013	3,024	-
-	(6,944)	(2,580)	(5,381)	143
<u>33,908</u>	<u>(6,053)</u>	<u>(567)</u>	<u>(2,357)</u>	<u>143</u>
<u>\$ 33,908</u>	<u>\$ 1,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143</u>

(continued)

Exhibit C-1 (continued)

CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 1998

(in thousands)

(with comparative totals for 1997)

	<u>Public Works</u>	<u>Chapter 90 Public Ways</u>	<u>Trust Funds</u>
ASSETS			
Cash and investments.....	\$ -	\$ -	\$ -
Due from other funds.....	-	-	-
Total assets.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants and accounts payable.....	\$ 629	\$ 2,919	\$ -
Other accrued liabilities.....	-	-	-
Due to other funds.....	<u>2,087</u>	<u>5,494</u>	<u>28</u>
Total liabilities.....	<u>2,716</u>	<u>8,413</u>	<u>28</u>
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations.....	9,297	8,658	-
Unreserved:			
Undesignated.....	<u>(12,013)</u>	<u>(17,071)</u>	<u>(28)</u>
Total fund balance (deficit).....	<u>(2,716)</u>	<u>(8,413)</u>	<u>(28)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Boston, Massachusetts

Bond Refunding	Financial System	Other	Totals	
			1998	1997
\$ 45	\$ 5,544	\$ 6,593	\$ 48,021	\$ 47,033
-	-	-	1,206	-
<u>\$ 45</u>	<u>\$ 5,544</u>	<u>\$ 6,593</u>	<u>\$ 49,227</u>	<u>\$ 47,033</u>
\$ -	\$ 348	\$ 1,261	\$ 18,477	\$ 16,377
-	-	-	1,787	-
-	-	-	43,743	1,506
<u>-</u>	<u>348</u>	<u>1,261</u>	<u>64,007</u>	<u>17,883</u>
3	2,843	-	140,900	158,763
42	2,353	5,332	(155,680)	(129,613)
<u>45</u>	<u>5,196</u>	<u>5,332</u>	<u>(14,780)</u>	<u>29,150</u>
<u>\$ 45</u>	<u>\$ 5,544</u>	<u>\$ 6,593</u>	<u>\$ 49,227</u>	<u>\$ 47,033</u>

Exhibit C-2

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1998

(in thousands)

(with comparative totals for 1997)

	<u>Departmental Equipment</u>	<u>School Projects</u>	<u>Public Buildings</u>
REVENUES:			
Local:			
Departmental and other.....	\$ -	\$ -	\$ 1,923
Total local revenues.....	<u>-</u>	<u>-</u>	<u>1,923</u>
Intergovernmental:			
Federal.....	-	-	475
Commonwealth of Massachusetts.....	1,056	-	2,050
Total intergovernmental revenues.....	<u>1,056</u>	<u>-</u>	<u>2,525</u>
Total revenues.....	<u>1,056</u>	<u>-</u>	<u>4,448</u>
EXPENDITURES:			
Capital outlays.....	14,627	55,579	52,603
Debt service.....		-	-
Total expenditures.....	<u>14,627</u>	<u>55,579</u>	<u>52,603</u>
Deficiency of revenues over expenditures.....	<u>(13,571)</u>	<u>(55,579)</u>	<u>(48,155)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds of debt and capital leases.....	12,214	29,948	32,265
Payments to escrow agent for refunded debt.....	-	-	-
Operating transfers in.....	-	-	-
Operating transfers out.....	-	-	(32)
Total other financing sources.....	<u>12,214</u>	<u>29,948</u>	<u>32,233</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,357)	(25,631)	(15,922)
Fund balance (deficit), beginning of year.....	(830)	(469)	4,939
Fund balance (deficit), end of year.....	<u><u>\$ (2,187)</u></u>	<u><u>\$ (26,100)</u></u>	<u><u>\$ (10,983)</u></u>

<u>Sale of City Property</u>	<u>Hospital Facilities</u>	<u>Urban and Economic Development</u>	<u>Parks and Recreation</u>	<u>Parking Facilities</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	421	-	-
-	-	-	522	-
-	-	421	522	-
-	-	421	522	-
-	8,131	3,105	10,536	80
-	-	-	5	-
-	8,131	3,105	10,541	80
-	(8,131)	(2,684)	(10,019)	(80)
-	1,891	3,235	11,487	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,891	3,235	11,487	-
-	(6,240)	551	1,468	(80)
33,908	187	(1,118)	(3,825)	223
<u>\$ 33,908</u>	<u>\$ (6,053)</u>	<u>\$ (567)</u>	<u>\$ (2,357)</u>	<u>\$ 143</u>

(continued)

Exhibit C-2 (continued)

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1998

(in thousands)

(with comparative totals for 1997)

	<u>Public Works</u>	<u>Chapter 90 Public Ways</u>
REVENUES:		
Local:		
Departmental and other.....\$	-	\$ -
Total local revenues.....	<u>-</u>	<u>-</u>
Intergovernmental:		
Federal.....	157	-
Commonwealth of Massachusetts.....	48	13,667
Total intergovernmental revenues.....	<u>205</u>	<u>13,667</u>
Total revenues.....	<u>205</u>	<u>13,667</u>
EXPENDITURES:		
Capital outlays.....	11,777	19,220
Debt service.....	-	-
Total expenditures.....	<u>11,777</u>	<u>19,220</u>
Deficiency of revenues over expenditures.....	<u>(11,572)</u>	<u>(5,553)</u>
OTHER FINANCING SOURCES (USES):		
Proceeds of debt and capital leases.....	13,961	-
Payments to escrow agent for refunded debt.....	-	-
Operating transfers in.....	-	-
Operating transfers out.....	-	-
Total other financing sources.....	<u>13,961</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	2,389	(5,553)
Fund balance (deficit), beginning of year.....	(5,105)	(2,860)
Fund balance (deficit), end of year.....\$	<u>(2,716)</u>	<u>\$ (8,413)</u>

City of Boston, Massachusetts

Trust Funds	Bond Refunding	Financial System	Other	Totals	
				1998	1997
\$ -	\$ -	\$ -	\$ 332	\$ 2,255	\$ 2,116
-	-	-	332	2,255	2,116
-	-	-	-	1,053	220
-	-	-	-	17,343	10,205
-	-	-	-	18,396	10,425
-	-	-	332	20,651	12,541
54	-	3,804	11,099	190,615	131,096
-	470	-	(43)	432	1,250
54	470	3,804	11,056	191,047	132,346
(54)	(470)	(3,804)	(10,724)	(170,396)	(119,805)
-	62,855	-	11,982	179,838	117,726
-	(62,908)	-	-	(62,908)	-
-	568	9,000	-	9,568	-
-	-	-	-	(32)	(17,188)
-	515	9,000	11,982	126,466	100,538
(54)	45	5,196	1,258	(43,930)	(19,267)
26	-	-	4,074	29,150	48,417
\$ (28)	\$ 45	\$ 5,196	\$ 5,332	\$ (14,780)	\$ 29,150



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INTERNAL SERVICE FUND

The internal service fund accounts for the City's self insurance for health benefits provided by Blue Cross/Blue Shield for City employees, their dependents and retirees.

Exhibit D-1

INTERNAL SERVICE FUND

Comparative Balance Sheet

June 30, 1998 and 1997

(in thousands)

	1998	1997
ASSETS		
Departmental and other receivables.....	\$ 103	\$ 900
Due from other funds.....	782	777
Due from component units.....	-	135
Total assets.....	<u>\$ 885</u>	<u>\$ 1,812</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 346	\$ 3
Accrued judgments and claims.....	10,017	11,192
Due to other funds.....	1,418	2,420
Total liabilities.....	<u>11,781</u>	<u>13,615</u>
Fund equity:		
Retained earnings.....	(10,896)	(11,803)
Total fund deficit.....	<u>(10,896)</u>	<u>(11,803)</u>
Total liabilities and fund equity.....	<u>\$ 885</u>	<u>\$ 1,812</u>

Exhibit D-2

INTERNAL SERVICE FUND

Comparative Statement of Revenues, Expenses and Changes in Fund Equity
Years Ended June 30, 1998 and 1997
(in thousands)

	1998	1997
REVENUES:		
Employer contributions.....	\$ 45,998	\$ 49,744
Employee contributions.....	15,582	16,653
Miscellaneous.....	256	442
Total operating revenues.....	<u>61,836</u>	<u>66,839</u>
EXPENSES:		
Administrative and general.....	364	421
Health benefits.....	60,565	57,869
Total operating expenses.....	<u>60,929</u>	<u>58,290</u>
Operating income.....	907	8,549
Fund deficit, beginning of year.....	(11,803)	(20,352)
Fund deficit, end of year.....	<u><u>\$ (10,896)</u></u>	<u><u>\$ (11,803)</u></u>

Exhibit D-3

INTERNAL SERVICE FUND
Comparative Statement of Cash Flows
Years Ended June 30, 1998 and 1997
(in thousands)

	<u>1998</u>	<u>1997</u>
Cash Flows From Operating Activities:		
Operating income.....	\$ 907	\$ 8,549
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable.....	797	650
Due to/from other funds.....	(872)	(5,765)
Other accrued liabilities.....	(832)	(3,434)
Net cash provided (used) by operating activities.....	-	-
Increase (decrease) in cash and cash equivalents.....	-	-
Cash and cash equivalents, beginning of year.....	-	-
Cash and cash equivalents, end of year.....	<u>-</u>	<u>-</u>

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

State-Boston Retirement System is a defined benefit contributory retirement plan covering employees of the City of Boston, Boston Public Health Commission, Boston Housing Authority, Boston Redevelopment Authority and the Boston Water and Sewer Commission. The system is subject to benefit provisions and financing requirements set forth primarily in Chapter 32 of the Massachusetts General Laws.

Boston Retirement System is the independent contributory plan system available exclusively to City of Boston employees who were employed prior to October 1, 1946.

NONEXPENDABLE TRUST FUNDS

City Funds are used for the maintenance and improvement of the City's parks and cemeteries and the erection and maintenance of statues and monuments for the use and enjoyment of City residents.

School Funds are used for scholarship awards, the purchase of educational equipment and the aid of needy students.

George Robert White Fund was formed by the will of George R. White dated May 21, 1920. The will requires that the Fund's income be used for the creation of public utility and beauty for the use and enjoyment of the inhabitants of the City.

EXPENDABLE TRUST FUNDS

City Funds, School Funds and the George Robert White Fund account for the accumulated interest and dividends generated from the Nonexpendable Trust Funds awaiting expenditure or reinvestment of principal and income.

Law Enforcement Trust Fund accounts for proceeds from property seized from illegal drug related activities. Funds can be used to defray the costs of protracted investigations, to provide technical equipment or expertise and provide matching funds for federal grants.

Neighborhood Housing Fund was established to support the creation and preservation of affordable housing for low and moderate income residents of Boston. Developers of certain large-scale commercial real estate projects in the City are required to make contributions in the form of payments to the Fund.

Neighborhood Jobs Fund was established to protect and provide employment opportunities for low and moderate income residents of Boston. As mandated by the Boston Zoning Code, developers of certain large-scale commercial real estate projects in the City are required to make contributions to the Fund over a two year period.

AGENCY FUNDS

City Deferred Compensation Plan Fund is used to account for voluntary contributions received from employees which are invested in a deferred compensation program. During fiscal 1998, the City amended its deferred compensation plans such that the plans' assets are now held in trust for the exclusive benefit of participants and their beneficiaries. In addition, the City is not actively involved in managing the plans' assets. Accordingly, under GASB No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City eliminated from its agency fund the plans' assets and related liabilities.

Exhibit E-1

TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 1998

(in thousands)

(with comparative totals for 1997)

	Pension Trust Funds		
	State-Boston Retirement System	Boston Retirement System	Total Pension Trust Funds
ASSETS			
Cash and investments.....	\$ 2,324,562	\$ 196	\$ 2,324,758
Restricted cash and investments.....	-	-	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	20,207	-	20,207
Departmental and other.....	96,958	-	96,958
Total receivables.....	<u>117,165</u>	<u>-</u>	<u>117,165</u>
Due from other funds.....	58,578	66	58,644
Property, plant and equipment, net of accumulated depreciation.....	<u>-</u>	<u>-</u>	<u>-</u>
Total assets.....	<u><u>\$ 2,500,305</u></u>	<u><u>\$ 262</u></u>	<u><u>\$ 2,500,567</u></u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants and accounts payable.....	\$ 82,756	\$ -	\$ 82,756
Other accrued liabilities.....	6,625	-	6,625
Due to other funds.....	-	-	-
Deferred compensation benefits payable.....	-	-	-
Notes payable.....	-	-	-
Total liabilities.....	<u>89,381</u>	<u>-</u>	<u>89,381</u>
Fund Equity:			
Reserved for:			
Encumbrances and continuing appropriations.....	-	-	-
Endowments.....	-	-	-
Employee retirement system.....	2,410,924	262	2,411,186
Unreserved:			
Undesignated.....	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity.....	<u>2,410,924</u>	<u>262</u>	<u>2,411,186</u>
Total liabilities and fund equity.....	<u><u>\$ 2,500,305</u></u>	<u><u>\$ 262</u></u>	<u><u>\$ 2,500,567</u></u>

Nonexpendable Trust Funds				Total Nonexpendable Trust Funds
City Funds	School Funds	George Robert White Fund		
\$ 47,822	\$ 815	\$ 21,083	\$ 69,720	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
60	-	30	90	
<u>\$ 47,882</u>	<u>\$ 815</u>	<u>\$ 21,113</u>	<u>\$ 69,810</u>	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
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-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-			

(continued)

Exhibit E-1 (continued)

TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 1998

(in thousands)

(with comparative totals for 1997)

	Expendable Trust Funds		
	City Funds	School Funds	George Robert White Fund
ASSETS			
Cash and investments.....	\$ 22,220	\$ 288	\$ 2,149
Restricted cash and investments.....	-	-	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	-	-	-
Departmental and other.....	126	-	-
Total receivables.....	<u>126</u>	<u>-</u>	<u>-</u>
Due from other funds.....	-	-	-
Property, plant and equipment, net of accumulated depreciation.....	<u>-</u>	<u>-</u>	<u>-</u>
Total assets.....	<u><u>\$ 22,346</u></u>	<u><u>\$ 288</u></u>	<u><u>\$ 2,149</u></u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants and accounts payable.....	\$ -	\$ -	\$ -
Other accrued liabilities.....	67	-	2
Due to other funds.....	307	1	28
Deferred compensation benefits payable.....	-	-	-
Notes payable.....	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities.....	<u>374</u>	<u>1</u>	<u>30</u>
Fund Equity:			
Reserved for:			
Encumbrances and continuing appropriations.....	-	-	-
Endowments.....	-	-	-
Employee retirement system.....	-	-	-
Unreserved:			
Undesignated.....	<u>21,972</u>	<u>287</u>	<u>2,119</u>
Total fund equity.....	<u>21,972</u>	<u>287</u>	<u>2,119</u>
Total liabilities and fund equity.....	<u><u>\$ 22,346</u></u>	<u><u>\$ 288</u></u>	<u><u>\$ 2,149</u></u>

Expendable Trust Funds				
Law Enforcement Trust Fund	Neighborhood Housing Trust	Neighborhood Jobs Trust	Total Expendable Trust Funds	
\$ 79	\$ 8,331	\$ 606	\$ 33,673	
-	-	-	-	
-	1,278	-	1,278	
-	3,530	155	3,811	
-	4,808	155	5,089	
-	-	-	-	
-	-	-	-	
\$ 79	\$ 13,139	\$ 761	\$ 38,762	
\$ -	\$ -	\$ -	\$ -	
-	56	32	157	
-	-	-	336	
-	-	-	-	
-	2,248	-	2,248	
-	2,304	32	2,741	
-	-	-	-	
-	-	-	-	
-	-	-	-	
79	10,835	729	36,021	
79	10,835	729	36,021	
\$ 79	\$ 13,139	\$ 761	\$ 38,762	

(continued)

Exhibit E-1 (continued)

TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 1998

(in thousands)

(with comparative totals for 1997)

	Totals	
	1998	1997
ASSETS		
Cash and investments.....	\$ 2,428,151	\$ 2,060,061
Restricted cash and investments.....	-	158,369
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Intergovernmental.....	21,485	30,495
Departmental and other.....	100,769	35,057
Total receivables.....	<u>122,254</u>	<u>65,552</u>
Due from other funds.....	58,644	58,387
Property, plant and equipment, net of accumulated depreciation.....	<u>90</u>	<u>191</u>
Total assets.....	<u>\$ 2,609,139</u>	<u>\$ 2,342,560</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 82,756	\$ 36,965
Other accrued liabilities.....	6,782	5,763
Due to other funds.....	336	222
Deferred compensation benefits payable.....	-	158,369
Notes payable.....	2,248	3,348
Total liabilities.....	<u>92,122</u>	<u>204,667</u>
Fund Equity:		
Reserved for:		
Encumbrances and continuing appropriations.....	-	3,246
Endowments.....	69,810	49,891
Employee retirement system.....	2,411,186	2,062,471
Unreserved:		
Undesignated.....	36,021	22,285
Total fund equity.....	<u>2,517,017</u>	<u>2,137,893</u>
Total liabilities and fund equity.....	<u>\$ 2,609,139</u>	<u>\$ 2,342,560</u>

Exhibit E-2

PENSION TRUST FUNDS

Combining Statement of Plan Net Assets

June 30, 1998

(in thousands)

(with comparative totals for 1997)

	Pension Trust Funds			
	State-Boston	Boston	Totals	
	Retirement System	Retirement System	1998	1997
ASSETS				
Cash and short-term investments.....	\$ 84,754	\$ 196	\$ 84,950	\$ 123,100
Receivables:				
Intergovernmental.....	20,207	-	20,207	29,144
Departmental and other.....	96,958	-	96,958	30,569
Due from other funds.....	58,578	66	58,644	58,379
Total receivables.....	<u>175,743</u>	<u>66</u>	<u>175,809</u>	<u>118,092</u>
Investments:				
U.S. Government Obligations.....	63,574	-	63,574	103,957
U.S. Government Agency Obligations.....	81,510	-	81,510	75,595
Debt Securities.....	665,620	-	665,620	337,873
Equity Securities.....	1,334,042	-	1,334,042	1,285,034
Venture Capital Funds.....	16,856	-	16,856	13,803
Real Estate Funds.....	74,328	-	74,328	38,283
MMDT.....	3,878	-	3,878	9,373
Total investments.....	<u>2,239,808</u>	<u>-</u>	<u>2,239,808</u>	<u>1,863,918</u>
 Total assets.....	 <u>\$ 2,500,305</u>	 <u>\$ 262</u>	 <u>\$ 2,500,567</u>	 <u>\$ 2,105,110</u>
LIABILITIES				
Liabilities:				
Warrants and accounts payable.....	\$ 82,756	\$ -	\$ 82,756	\$ 36,896
Other accrued liabilities.....	6,625	-	6,625	5,743
Total liabilities.....	<u>89,381</u>	<u>-</u>	<u>89,381</u>	<u>42,639</u>
 Net assets held in trust for pension benefits.....	 <u>\$ 2,410,924</u>	 <u>\$ 262</u>	 <u>\$ 2,411,186</u>	 <u>\$ 2,062,471</u>

Exhibit E-3

PENSION TRUST FUNDS

Combining Statement of Changes in Plan Net Assets

Year Ended June 30, 1998

(in thousands)

(with comparative totals for 1997)

	State-Boston Retirement System	Boston Retirement System	Totals	
			1998	1997
ADDITIONS:				
Contributions:				
Employer.....	\$ 135,294	\$ 185	\$ 135,479	\$ 127,955
Employee.....	62,016	-	62,016	62,860
Total contributions.....	197,310	185	197,495	190,815
Investment Income:				
Realized and unrealized gains on investments.....	321,029	-	321,029	184,402
Interest.....	47,476	12	47,488	50,109
Total investment income.....	368,505	12	368,517	234,511
Intergovernmental.....	20,599	-	20,599	26,626
Total additions.....	586,414	197	586,611	451,952
DEDUCTIONS:				
Benefits.....	211,245	219	211,464	193,880
Refunds of contributions.....	24,563	-	24,563	28,735
Administrative expenses.....	1,865	4	1,869	1,493
Total deductions.....	237,673	223	237,896	224,108
Net increase (decrease).....	348,741	(26)	348,715	227,844
Net assets held in trust for pension benefits:				
Beginning of year.....	2,062,183	288	2,062,471	1,834,627
End of year.....	\$ 2,410,924	\$ 262	\$ 2,411,186	\$ 2,062,471



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Exhibit E-4

EXPENDABLE TRUST FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1998

(in thousands)

(with comparative totals for 1997)

	City Funds	School Funds	George Robert White Fund
REVENUES:			
Investment income.....	\$ 4,558	\$ 14	\$ 42
Departmental and other.....	1,921	-	21
Total revenues.....	<u>6,479</u>	<u>14</u>	<u>63</u>
EXPENDITURES:			
General government.....	797	14	210
Human services.....	-	-	-
Public works.....	-	-	150
Parks and recreation.....	3,201	-	-
Schools.....	-	30	-
Total expenditures.....	<u>3,998</u>	<u>44</u>	<u>360</u>
Excess (deficiency) of revenues over expenditures.....	2,481	(30)	(297)
OTHER FINANCING SOURCES (USES):			
Operating transfers out.....	(700)	-	-
Operating transfers in.....	5,207	61	1,842
Total other financing sources	<u>4,507</u>	<u>61</u>	<u>1,842</u>
Excess (deficiency) of revenues over expenditures.....	6,988	31	1,545
Fund balance, beginning of year, as previously reported.....	14,984	256	574
Retroactive changes in accounting transfers for certain housing loans.....	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year.....	<u>\$ 21,972</u>	<u>\$ 287</u>	<u>\$ 2,119</u>

Law Enforcement Trust Fund	Neighborhood Housing Trust	Neighborhood Jobs Trust	Totals	
			1998	1997
\$ -	\$ 467	\$ 41	\$ 5,122	\$ 1,289
169	1,659	534	4,304	4,471
<u>169</u>	<u>2,126</u>	<u>575</u>	<u>9,426</u>	<u>5,760</u>
150	21	91	1,283	1,009
-	160	522	682	467
-	-	-	150	181
-	-	-	3,201	2,697
-	-	-	30	24
<u>150</u>	<u>181</u>	<u>613</u>	<u>5,346</u>	<u>4,378</u>
19	1,945	(38)	4,080	1,382
-	-	-	(700)	(700)
-	-	-	7,110	2,994
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,410</u>	<u>2,294</u>
19	1,945	(38)	10,490	3,676
60	8,890	767	25,531	27,663
-	-	-	-	(5,808)
<u>79</u>	<u>10,835</u>	<u>729</u>	<u>36,021</u>	<u>25,531</u>

Exhibit E-5

NONEXPENDABLE TRUST FUNDS
Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended June 30, 1998
(in thousands)
(with comparative totals for 1997)

	City Funds	School Funds	George Robert White Fund	Totals 1998	1997
REVENUES:					
Investment income.....	\$ 18,449	\$ 257	\$ 8,323	\$ 27,029	\$ 4,640
Contributions and donations.....	-	-	-	-	450
Total operating revenues.....	<u>18,449</u>	<u>257</u>	<u>8,323</u>	<u>27,029</u>	<u>5,090</u>
Operating income.....	<u>18,449</u>	<u>257</u>	<u>8,323</u>	<u>27,029</u>	<u>5,090</u>
Operating transfers out.....	<u>(5,207)</u>	<u>(61)</u>	<u>(1,842)</u>	<u>(7,110)</u>	<u>(2,994)</u>
Net income.....	13,242	196	6,481	19,919	2,096
Fund equity, beginning of year, as previously reported.....	34,640	619	14,632	49,891	84,741
Reclassification of component units from blended to discrete presentation.....	-	-	-	-	(36,946)
Fund equity, end of year.....	<u>\$ 47,882</u>	<u>\$ 815</u>	<u>\$ 21,113</u>	<u>\$ 69,810</u>	<u>\$ 49,891</u>

Exhibit E-6

NONEXPENDABLE TRUST FUNDS

Combining Statement of Cash Flows

Year Ended June 30, 1998

(in thousands)

	City Funds	School Funds	George Robert White Fund	Totals 1998	1997
Cash flows from operating activities:					
Operating income.....	\$ 18,449	\$ 257	\$ 8,323	\$ 27,029	\$ 5,090
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Reclassification of investment income.....	(18,449)	(257)	(8,323)	(27,029)	(4,640)
Changes in operating assets and liabilities:					
Accounts receivable.....	12	-	-	12	54
Intergovernmental receivables.....	-	-	-	-	-
Due to/from other funds.....	-	(1)	-	(1)	(93)
Other assets.....	(43)	1	(11)	(53)	(119)
Net cash provided (used) by operating activities.....	(31)	-	(11)	(42)	292
Cash flows from noncapital financing activities:					
Operating transfers out.....	(5,207)	(61)	(1,842)	(7,110)	(2,994)
Net cash used by noncapital financing activities.....	(5,207)	(61)	(1,842)	(7,110)	(2,994)
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets.....	-	-	101	101	-
Net cash provided by capital and related financing activities	-	-	101	101	-
Cash Flows From Investing Activities:					
Purchase of investment securities.....	(15,166)	(297)	(6,217)	(21,680)	(2,219)
Investment income.....	18,449	257	8,323	27,029	4,640
Net cash provided (used) by investing activities.....	3,283	(40)	2,106	5,349	2,421
Increase (decrease) in cash and cash equivalents.....	(1,955)	(101)	354	(1,702)	(281)
Cash and cash equivalents, beginning of year.....	1,955	111	271	2,337	4,309
Reclassification of component units.....	-	-	-	-	(1,691)
Cash and cash equivalents, end of year.....	-	10	625	635	2,337
Investments, end of year.....	47,822	805	20,458	69,085	47,352
Total cash and investments, end of year.....	\$ 47,822	\$ 815	\$ 21,083	\$ 69,720	\$ 49,689

Exhibit E-7

AGENCY FUND

**Statement of Changes in Assets and Liabilities
(in thousands)**

	Balance			Balance
	June 30, 1997	Additions	Deductions ⁽¹⁾	June 30, 1998
<u>City Deferred Compensation Plan</u>				
ASSETS				
Investments of deferred compensation plan.....	\$ 158,369	\$ -	\$ 158,369	\$ -
LIABILITIES				
Deferred compensation benefits payable.....	\$ 158,369	\$ -	\$ 158,369	\$ -

⁽¹⁾ During fiscal 1998, the City amended its deferred compensation plans such that the plans' assets are now held in trust for the exclusive benefit of participants and their beneficiaries. In addition, the City is not actively involved in managing the plans' assets. Accordingly, under GASB No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City eliminated from its agency fund the plans' assets and related liabilities.

DISCRETELY PRESENTED COMPONENT UNITS

Discretely Presented Component Units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body with certain exceptions, and either (a) the ability to impose will by the primary government, or (b) the potential for the organization to provide financial benefits to, or impose financial burden on the primary government.

Boston Public Health Commission is an independent body politic and corporate and political subdivision of the Commonwealth, whose purpose is to implement public health programs in the City and serves as the board of health for the City. The commission is also responsible for the City's homeless shelter program, for the development of public health initiatives and for emergency ambulance service in the City.

Trustees of the Boston Public Library is an endowment whose income is restricted to donor – designated purposes or to the general purposes of the Boston Public Library.

Boston Redevelopment Authority is a public body politic and corporate constituting the City's redevelopment authority and exercising the powers of a planning board for the City and, within the City, assuming certain powers of the state Department of Community Affairs.

Economic Development Industrial Corporation is a quasi – public agency of the City of Boston and instrumentality of the Commonwealth, whose purpose is to create and retain industrial companies and jobs through economic development, industrial real estate management, financing and job training.

Exhibit F-1

DISCRETELY PRESENTED COMPONENT UNITS

Combining Balance Sheet

June 30, 1998

(in thousands)

(with comparative totals for 1997)

	Public Health Commission	Trustees of the Public Library
ASSETS		
Cash and investments.....	\$ 11,467	\$ 48,748
Restricted cash and investments.....	3,762	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Intergovernmental.....	-	1,164
Third-party payors.....	-	-
Departmental and other.....	3,238	298
Total receivables.....	<u>3,238</u>	<u>1,462</u>
Due from other funds.....	-	136
Due from primary government.....	2,696	-
Due from BMC.....	169,016	-
Other assets.....	667	-
Property, plant and equipment, net of accumulated depreciation.....	17,342	4,457
Amount to be provided for the retirement of long-term debt.....	178,014	-
Total assets.....	<u>\$ 386,202</u>	<u>\$ 54,803</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 5,363	\$ 1,730
Accrued liabilities:		
Judgments and claims.....	-	-
Sick and vacation.....	-	-
Retirement costs.....	2,908	-
Other.....	6,684	-
Due to other funds.....	-	136
Due to BMC.....	8,641	-
Due to primary government.....	178,299	525
Deferred compensation benefits payable.....	-	-
Deferred revenue.....	164,146	250
Bonds and notes payable.....	-	-
Total liabilities.....	<u>366,041</u>	<u>2,641</u>
Fund equity:		
Investment in general fixed assets.....	17,342	4,457
Retained earnings.....	-	-
Fund balances:		
Reserved for endowments.....	-	33,883
Reserved for encumbrances and continuing appropriations.....	100	12,157
Unreserved:		
Undesignated.....	2,719	1,665
Total fund balances.....	<u>2,819</u>	<u>47,705</u>
Total fund equity.....	<u>20,161</u>	<u>52,162</u>
Total liabilities and fund equity.....	<u>\$ 386,202</u>	<u>\$ 54,803</u>

City of Boston, Massachusetts

Boston Redevelopment Authority	Economic Development Industrial Corporation	Totals	
		1998	1997
\$ 13,019	\$ 9,276	\$ 82,510	\$ 83,379
2,139	1,965	7,866	7,087
1,081	3,498	5,743	4,722
-	-	-	3,491
66,523	10,804	80,863	86,186
67,604	14,302	86,606	94,399
-	-	136	-
-	-	2,696	-
-	-	169,016	169,997
-	660	1,327	1,009
2,239	24,356	48,394	45,998
3,170	-	181,184	188,484
\$ 88,171	\$ 50,559	\$ 579,735	\$ 590,353
\$ 58,796	\$ 3,027	\$ 68,916	\$ 62,242
528	-	528	528
1,167	-	1,167	1,032
-	-	2,908	2,843
1,702	3,102	11,488	12,874
-	-	136	-
-	-	8,641	9,553
-	-	178,824	191,415
-	-	-	2,709
16,873	9,402	190,671	199,699
1,475	20,219	21,694	22,143
80,541	35,750	484,973	505,038
2,239	-	24,038	19,863
-	14,809	14,809	12,355
-	-	33,883	43,338
-	-	12,257	37
5,391	-	9,775	9,722
5,391	-	55,915	53,097
7,630	14,809	94,762	85,315
\$ 88,171	\$ 50,559	\$ 579,735	\$ 590,353

Exhibit F-2

DISCRETELY PRESENTED COMPONENT UNITS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 1998
(in thousands)
(with comparative totals for 1997)

	Boston Redevelopment Authority	Public Health Commission	Totals
			1998 1997
REVENUES:			
Local:			
Investment income.....	245 \$	757 \$	1,002 \$ 1,184
Departmental and other revenue.....	8,393	21,457	29,850 28,973
Total local revenues.....	8,638	22,214	30,852 30,157
Intergovernmental:			
Federal.....	3,639	30,639	34,278 35,308
Total intergovernmental revenues.....	3,639	30,639	34,278 35,308
Total revenues.....	12,277	52,853	65,130 65,465
EXPENDITURES:			
Current operations:			
General government.....	7,106	12,164	19,270 19,196
Public health programs.....	-	56,799	56,799 53,730
Retirement costs.....	1,645	18,950	20,595 20,129
Subsidies to BMC and EMS.....	-	4,973	4,973 5,811
Assistance grants to BMC.....	-	7,000	7,000 7,000
Capital outlays.....	2,419	-	2,419 2,929
Total expenditures.....	11,170	99,886	111,056 108,795
Excess (deficiency) of revenues over expenditures.....	1,107	(47,033)	(45,926) (43,330)
OTHER FINANCING SOURCES (USES):			
Operating transfers from primary government.....	-	66,678	66,678 60,890
Operating transfers to primary government.....	-	(19,019)	(19,019) (19,846)
Total other financing sources.....	-	47,659	47,659 41,044
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,107	626	1,733 (2,286)
Fund balance, beginning of year, as previously reported.....	4,284	2,193	6,477 5,929
Reclassification of component units from blended to discrete presentation.....	-	-	- 2,834
Fund balance, end of year.....	5,391 \$	2,819 \$	8,210 \$ 6,477

Exhibit F-3

DISCRETELY PRESENTED COMPONENT UNITS
Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended June 30, 1998
(in thousands)
(with comparative totals for 1997)

	Trustees of the Public Library	Economic Development Industrial Corporation	Totals
	1998	1997	1997
REVENUES:			
Contributions and donations.....	\$ 13,107	\$ -	\$ 13,107
Rental income.....	-	8,300	8,300
Investment income.....	6,236	-	6,236
Net unrealized gain/(loss).....	(1,158)	-	(1,158)
Miscellaneous.....	630	704	1,334
Total operating revenues.....	18,815	9,004	27,819
			33,811
EXPENSES:			
Salaries and wages.....	4,205	5,716	9,921
Professional fees.....	-	598	598
Administrative and general.....	2,712	2,218	4,930
Materials, supplies and equipment.....	6,356	102	6,458
Depreciation.....	-	1,319	1,319
Bad debts.....	-	309	309
Capital Outlays.....	4,457	-	4,457
Subsidies for community services, special programs and real estate operations.....	-	9,806	9,806
Total operating expenses.....	17,730	20,068	37,798
Operating income (loss).....	1,085	(11,064)	(9,979)
Nonoperating revenues and expenses:			
Grant income.....	-	13,242	13,242
Interest income.....	-	1,288	1,288
Interest expense.....	-	(1,012)	(1,012)
Total nonoperating revenue.....	-	13,518	13,518
Net Income.....	1,085	2,454	3,539
Fund equity, beginning of year, as previously reported.....	46,620	12,355	58,975
Reclassification of component units from blended to discrete presentation.....	-	-	-
Fund equity, end of year.....	47,705	14,809	62,514
			58,975

Exhibit F-4

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statement of Cash Flows

Year Ended June 30, 1998

(in thousands)

(with comparative totals for 1997)

	Trustees of the Public Library
Cash Flows From Operating Activities:	
Operating income (loss).....	\$ 1,085
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation and amortization.....	-
Net unrealized (gains) losses.....	1,158
Reclassification of investment income.....	(6,236)
Provisions for bad debt.....	-
Debt forgiveness.....	-
Changes in operating assets and liabilities:	
Accounts receivable.....	(26)
Intergovernmental receivables.....	(729)
Investment income receivable.....	-
Other assets.....	-
Due to/from primary government.....	324
Accounts payable.....	575
Other accrued liabilities.....	(330)
Deferred revenue.....	250
Net cash used by operating activities.....	(3,929)
Cash Flows From Noncapital Financing Activities:	
Advances from grantors.....	-
Proceeds from debt.....	-
Net cash provided by noncapital financing activities.....	-
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets.....	-
Interest paid on debt.....	-
Repayment of long-term debt.....	-
Net cash used by capital and related financing activities.....	-
Cash Flows From Investing Activities:	
Purchase of investment securities.....	(277)
Proceeds from sale of investment securities.....	41
Investment income.....	6,236
Net cash provided (used) by investing activities.....	6,000
Increase (decrease) in cash and cash equivalents.....	2,071
Cash and cash equivalents, beginning of year.....	2,969
Reclassification of component units.....	-
Cash and cash equivalents, end of year.....	5,040
Investments, end of year.....	43,708
Total cash and investments, end of year.....	\$ 48,748

City of Boston, Massachusetts

Economic Development Industrial Corporation	Totals	
	1998	1997
\$ (11,064)	\$ (9,979)	\$ (2,393)
1,319	1,319	1,308
-	1,158	(1,033)
-	(6,236)	(7,466)
309	309	417
(358)	(358)	-
109	83	(281)
(427)	(1,156)	1,840
-	-	(272)
(6)	(6)	1
-	324	724
(251)	324	(75)
126	(204)	202
(909)	(659)	(820)
<u>(11,152)</u>	<u>(15,081)</u>	<u>(7,848)</u>
13,242	13,242	14,196
-	-	245
<u>13,242</u>	<u>13,242</u>	<u>14,441</u>
(382)	(382)	(905)
(1,012)	(1,012)	(1,048)
(945)	(945)	(419)
<u>(2,339)</u>	<u>(2,339)</u>	<u>(2,372)</u>
(8,928)	(9,205)	(17,056)
6,709	6,750	8,629
1,288	7,524	8,750
<u>(931)</u>	<u>5,069</u>	<u>323</u>
(1,180)	891	4,544
4,934	7,903	-
-	-	3,359
3,754	8,794	7,903
5,522	49,230	47,522
<u>\$ 9,276</u>	<u>\$ 58,024</u>	<u>\$ 55,425</u>



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GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is used to account for the fixed assets owned by the City, exclusive of infrastructure and those relating to proprietary fund operations. Assets were recorded at cost or at amounts considered by management to represent estimated historical cost. In accordance with generally accepted accounting principles for governmental units, depreciation is not required to be recorded on general fixed assets.

Exhibit G-1

Schedule of General Fixed Assets by Source

June 30, 1998 and 1997

(in thousands)

	<u>1998</u>	<u>1997</u>
General fixed assets:		
Land and Buildings.....	\$ 541,380	\$ 541,380
Furniture and Fixtures.....	34,542	33,664
Vehicles and Maintenance Equipment.....	78,760	71,037
Machinery and Equipment.....	67,524	48,996
Total general fixed assets.....	<u>\$ 722,206</u>	<u>\$ 695,077</u>
Investment in general fixed assets from:		
Acquisitions on or prior to June 30, 1993 ⁽¹⁾	\$ 537,511	\$ 542,405 ⁽²⁾
General Fund.....	89,157	83,074 ⁽²⁾
Special Revenue Fund.....	4,749	4,863
Capital Projects Fund.....	37,619	37,351
Capital Lease Obligations.....	53,170	27,384 ⁽²⁾
Total investment in general fixed assets.....	<u>\$ 722,206</u>	<u>\$ 695,077</u>

(1) It is not practicable to determine the historical sources of general fixed assets acquired prior to June 30, 1993.

(2) Fiscal 1997 amounts were reclassified to include \$14.150 million and \$11 thousand of general fixed assets from the "General Fund" and "Capital Lease Obligations", respectively, to "Acquisitions on or prior to June 30, 1993."

Exhibit G-2

Schedule of General Fixed Assets by Function and Activity

June 30, 1998

(in thousands)

Function and Activity	Land and Buildings	Furniture and Fixtures	Vehicles and Maintenance Equipment	Machinery and Equipment	Total
GENERAL GOVERNMENT					
Mayor's Office.....	\$ -	\$ 136	\$ 59	\$ 169	\$ 364
City Council.....	-	76	-	282	358
Consumer Affairs and Licensing.....	-	17	-	25	42
Office of Community Partnerships.....	-	27	-	41	68
Election Department.....	-	77	140	5,499	5,716
Auditing Department.....	-	136	-	169	305
Assessing Department.....	-	198	183	767	1,148
Treasury Department.....	-	101	-	532	633
Office of Budget Management.....	-	93	12	132	237
Human Resources.....	-	89	-	95	184
Purchasing Division.....	-	58	-	377	435
Office of Chief Operating Officer.....	-	14	-	38	52
Printing Division.....	-	22	30	1,231	1,283
Office of Labor Relations.....	-	27	-	57	84
Health Insurance Division.....	-	30	-	46	76
Management Information System.....	-	129	20	9,280	9,429
Intergovernmental Relations.....	-	16	-	22	38
Law Department.....	-	100	19	253	372
Environment Department.....	-	45	-	80	125
Worker's Compensation Division.....	-	47	-	90	137
Minority/Women's Business Ent.....	-	15	-	28	43
City Clerk.....	-	39	-	88	127
Registry Division.....	-	32	-	30	62
Finance Commission.....	-	11	-	13	24
Fair Housing Commission.....	-	57	-	155	212
Emergency Shelter Commission.....	-	10	27	24	61
Women's Commission.....	-	7	-	2	9
Press Office.....	-	11	5	13	29
Neighborhood Services.....	-	37	28	62	127
Office of Special Events & Tourism.....	-	16	29	22	67
Business and Cultural Development.....	-	13	-	39	52
Total General Government.....	-	1,686	552	19,661	21,899

(continued)

Exhibit G-2 (continued)

Schedule of General Fixed Assets by Function and Activity

June 30, 1998

(in thousands)

Function and Activity	Land and Buildings	Furniture and Fixtures	Vehicles and Maintenance Equipment	Machinery and Equipment	Total
HUMAN SERVICES					
Rent Equity Board.....	-	55	-	57	112
Elderly Commission.....	-	46	993	101	1,140
Veterans Services Department.....	-	50	-	31	81
Total Human Services.....	-	151	993	189	1,333
PUBLIC SAFETY					
Police Department.....	21,139	1,127	19,936	11,832	54,034
Fire Department.....	24,842	736	18,724	3,363	47,665
Transportation - Traffic Division.....	-	226	2,767	235	3,228
Transportation - Parking Clerk.....	-	40	-	57	97
Transportation Central Artery Tunnel.....	-	23	-	72	95
Licensing Board.....	-	24	-	36	60
Inspectional Services Department.....	-	354	456	728	1,538
Youth Fund.....	-	13	-	13	26
Total Public Safety.....	45,981	2,543	41,883	16,336	106,743
PUBLIC WORKS					
Public Works Department.....	3,606	353	9,658	2,041	15,658
PROPERTY AND DEVELOPMENT					
Property Management.....	34,202	110	1,110	534	35,956
Public Facilities Department.....	13,311	1,813	251	1,903	17,278
PFD - Community Schools Division.....	-	901	598	1,992	3,491
Total Property and Development.....	47,513	2,824	1,959	4,429	56,725
PARKS AND RECREATION					
Parks and Recreation Department.....	3,715	180	2,984	561	7,440
LIBRARY					
Library Department.....	13,333	1,680	231	2,929	18,173
SCHOOLS					
General School Purposes.....	427,232	24,042	19,146	18,392	488,812
COUNTY					
Registry of Deeds.....	-	36	-	662	698
Suffolk County Jails.....	-	254	685	1,660	2,599
Suffolk County House of Corrections.....	-	793	669	664	2,126
Total County.....	0	1,083	1,354	2,986	5,423
Total General Fixed Assets.....\$	\$ 541,380	\$ 34,542	\$ 78,760	\$ 67,524	\$ 722,206

Exhibit G-3

Schedule of Changes in General Fixed Assets by Function and Activity
Year Ended June 30, 1998
(in thousands)

Function and Activity	General Fixed Assets July 1, 1997	Additions	Deletions	General Fixed Assets June 30, 1998
GENERAL GOVERNMENT				
Mayor's Office..... \$	425	\$ 47	\$ 108	\$ 364
City Council.....	285	101	28	358
Consumer Affairs and Licensing.....	36	9	3	42
Office of Community Partnerships.....	60	8	-	68
Election Department.....	5,694	29	7	5,716
Auditing Department.....	310	40	45	305
Assessing Department.....	1,329	26	207	1,148
Treasury Department.....	558	127	52	633
Office of Budget Management.....	260	69	92	237
Human Resources.....	189	15	20	184
Purchasing Division.....	453	-	18	435
Office of Chief Operating Officer.....	60	5	13	52
Printing Division.....	1,253	40	10	1,283
Office of Labor Relations.....	66	18	-	84
Health Insurance Division.....	65	11	-	76
Management Information System.....	4,346	5,377	294	9,429
Intergovernmental Relations.....	42	5	9	38
Law Department.....	324	51	3	372
Retirement Board.....	178	-	178	-
Environment Department.....	120	7	2	125
Worker's Compensation Division.....	136	2	1	137
Minority\Women's Business Ent.....	34	10	1	43
City Clerk.....	123	4	-	127
Registry Division.....	436	1	375	62
Finance Commission.....	23	2	1	24
Fair Housing Commission.....	172	65	25	212
Emergency Shelter Commission.....	57	4	-	61
Women's Commission.....	13	-	4	9
Press Office.....	29	-	-	29
Neighborhood Services.....	152	8	33	127
Office of Special Events/Tourism.....	74	9	16	67
Business and Cultural Development.....	53	-	1	52
Total General Government.....	17,355	6,090	1,546	21,899

Exhibit G-3 (continued)

Schedule of Changes in General Fixed Assets by Function and Activity

Year Ended June 30, 1998

(in thousands)

Function and Activity	General Fixed Assets July 1, 1997	Additions	Deletions	General Fixed Assets June 30, 1998
HUMAN SERVICES				
Rent Equity Board.....	120	-	8	112
Elderly Commission.....	1,126	132	118	1,140
Veterans Services Department.....	98	-	17	81
Total Human Services.....	<u>1,344</u>	<u>132</u>	<u>143</u>	<u>1,333</u>
PUBLIC SAFETY				
Police Department.....	50,478	4,862	1,306	54,034
Fire Department.....	46,693	1,139	167	47,665
Transportation - Traffic Division.....	3,093	144	9	3,228
Transportation - Parking Clerk.....	51	46	-	97
Transportation Central Artery Tunnel.....	95	-	-	95
Licensing Board.....	60	-	-	60
Inspectional Services Department.....	1,343	221	26	1,538
Youth Fund.....	-	26	-	26
Total Public Safety.....	<u>101,813</u>	<u>6,438</u>	<u>1,508</u>	<u>106,743</u>
PUBLIC WORKS				
Public Works Department.....	14,392	2,358	1,092	15,658
PROPERTY AND DEVELOPMENT				
Property Management.....	35,436	566	46	35,956
Public Facilities Department.....	16,258	1,034	14	17,278
PFD - Community Schools Division.....	2,346	1,273	128	3,491
Total Property and Development.....	<u>54,040</u>	<u>2,873</u>	<u>188</u>	<u>56,725</u>
PARKS AND RECREATION				
Parks and Recreation Department.....	7,025	552	137	7,440
LIBRARY				
Library Department.....	17,592	1,025	444	18,173
SCHOOLS				
General School Purposes.....	476,583	16,671	4,442	488,812
COUNTY				
Registry of Deeds.....	610	102	14	698
Suffolk County Jail.....	2,176	471	48	2,599
Suffolk County - House of Corrections.....	2,147	-	21	2,126
Total County.....	<u>4,933</u>	<u>573</u>	<u>83</u>	<u>5,423</u>
Total General Fixed Assets.....	<u>\$ 695,077</u>	<u>\$ 36,712</u>	<u>\$ 9,583</u>	<u>\$ 722,206</u>

STATISTICAL SECTION

Includes ten-year data for revenues, expenditures, taxes, debt ratios and certain supplemental statistical information.

STATISTICAL INFORMATION

Table-1

General Fund Expenditures by Function (GAAP Basis) ⁽¹⁾
 Last Ten Fiscal Years
 (in thousands)

<u>Function</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
General Government	\$ 43,850	\$ 55,358	\$ 44,060	\$ 35,342	\$ 35,595
% of Total	3.3	4.3	3.6	2.9	3.5
% Change	(20.8)	25.6	24.7	(0.7)	(0.8)
Public Safety	\$ 322,190	\$ 292,935	\$ 279,098	\$ 269,189	\$ 252,668
% of Total	23.9	22.6	22.5	22.3	24.7
% Change	10.0	5.0	3.7	6.5	7.3
Public Works	\$ 60,163	\$ 55,843	\$ 60,700	\$ 52,466	\$ 59,481
% of Total	4.5	4.3	4.9	4.3	5.8
% Change	7.7	(8.0)	15.7	(11.8)	10.4
Libraries	\$ 24,468	\$ 24,014	\$ 23,412	\$ 22,276	\$ 21,436
% of Total	1.8	1.8	1.9	1.8	2.1
% Change	1.9	2.6	5.1	3.9	1.9
Schools	\$ 505,795	\$ 478,659	\$ 453,572	\$ 422,359	\$ 405,372
% of Total	37.5	36.9	36.7	34.9	39.6
% Change	5.7	5.5	7.4	4.2	9.3
Retirement Cost	\$ 75,382	\$ 72,299	\$ 68,068	\$ 68,230	\$ 59,502
% of Total	5.6	5.6	5.5	5.6	5.8
% Change	4.3	6.2	(0.2)	14.7	(27.0)
Employee Benefits	\$ 76,279	\$ 75,693	\$ 67,989	\$ 66,348	\$ 71,175
% of Total	5.7	5.8	5.5	5.5	7.0
% Change	0.8	11.3	2.5	(6.8)	4.3
State & District Assessments	\$ 64,187	\$ 62,457	\$ 61,600	\$ 60,080	\$ 58,272
% of Total	4.8	4.8	5.0	5.0	5.7
% Change	2.8	1.4	2.5	3.1	5.6
County	\$ 8,267	\$ 7,657	\$ 9,592	\$ 14,521	\$ 10,511
% of Total	0.6	0.6	0.8	1.2	1.0
% Change	8.0	(20.2)	(33.9)	38.2	(5.3)
Property & Development	\$ 31,934	\$ 30,519	\$ 26,103	\$ 23,087	\$ 21,528
% of Total	2.4	2.4	2.1	1.9	2.1
% Change	4.6	16.9	13.1	7.2	(0.1)
Other ⁽²⁾	\$ 133,259	\$ 141,970	\$ 141,728	\$ 175,948	\$ 27,403
% of Total	9.9	10.9	11.5	14.6	2.7
% Change	(6.1)	0.2	(19.4)	542.1	2.6
Total Expenditures	\$ 1,345,774	\$ 1,297,404	\$ 1,235,922	\$ 1,209,846	\$ 1,022,943
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	3.7	5.0	2.2	18.3 ⁽³⁾	4.2

(1) Includes General Fund expenditures only. Operating Transfers Out have been excluded from all years.

(2) Includes: Parks, Human Services, Judgments and Claims, Operating Subsidy to DH + H, Capital Outlays and Debt Service.

(3) The 1995 increase of 18.3% is mainly due to the restatement of Operating Subsidy to DH + H from Other Financing Sources to Expenditures.

<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>Function</u>
\$ 35,886	\$ 38,825	\$ 44,140	\$ 43,748	\$ 49,930	General Government
3.7	3.8	4.2	4.3	5.0	% of Total
(7.6)	(12.0)	0.9	(12.4)	14.1	% Change
\$ 235,421	\$ 238,625	\$ 235,351	\$ 236,840	\$ 216,169	Public Safety
24.0	23.6	22.5	23.4	21.9	% of Total
(1.3)	1.4	(0.6)	9.6	9.0	% Change
\$ 53,864	\$ 52,862	\$ 64,226	\$ 65,951	\$ 63,644	Public Works
5.5	5.2	6.1	6.5	6.4	% of Total
1.9	(17.7)	(2.6)	3.6	(2.0)	% Change
\$ 21,028	\$ 20,567	\$ 21,814	\$ 21,898	\$ 21,459	Libraries
2.1	2.0	2.1	2.2	2.2	% of Total
2.2	(5.7)	(0.4)	2.0	6.5	% Change
\$ 370,832	\$ 387,438	\$ 396,266	\$ 356,635	\$ 353,081	Schools
37.8	38.2	37.9	35.3	35.7	% of Total
(4.3)	(2.2)	11.1	1.0	9.4	% Change
\$ 81,499	\$ 74,921	\$ 78,994	\$ 89,948	\$ 97,551	Retirement Cost
8.3	7.4	7.6	8.9	9.9	% of Total
8.8	(5.2)	(12.2)	(7.8)	(4.9)	% Change
\$ 68,216	\$ 66,366	\$ 65,836	\$ 57,854	\$ 51,698	Employee Benefits
7.0	6.6	6.3	5.7	5.2	% of Total
2.8	0.8	13.8	11.9	18.1	% Change
\$ 55,163	\$ 52,407	\$ 51,343	\$ 50,308	\$ 48,282	State & District Assessments
5.6	5.2	4.9	5.0	4.9	% of Total
5.3	2.1	2.1	4.2	3.0	% Change
\$ 11,096	\$ 31,673	\$ 30,728	\$ 27,090	\$ 23,434	County
1.1	3.1	2.9	2.7	2.4	% of Total
(65.0)	3.1	13.4	15.6	(9.4)	% Change
\$ 21,543	\$ 22,102	\$ 25,700	\$ 27,746	\$ 27,556	Property & Development
2.2	2.2	2.5	2.7	2.8	% of Total
(2.5)	(14.0)	(7.4)	0.7	25.9	% Change
\$ 26,696	\$ 27,765	\$ 31,161	\$ 33,832	\$ 35,677	Other ⁽²⁾
2.7	2.7	3.0	3.3	3.6	% of Total
(3.9)	(10.9)	(7.9)	(5.2)	(17.3)	% Change
<u>\$ 981,244</u>	<u>\$ 1,013,551</u>	<u>\$ 1,045,559</u>	<u>\$ 1,011,850</u>	<u>\$ 988,481</u>	Total Expenditures
100.0	100.0	100.0	100.0	100.0	% of Total
(3.2)	(3.1)	3.3	2.4	5.8	% Change

Table-2

General Fund Revenues by Source (GAAP Basis) ⁽¹⁾
 Last Ten Fiscal Years
 (in thousands)

<u>Source</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Property Taxes	\$ 754,561	\$ 720,577	\$ 687,404	\$ 654,830	\$ 612,460
% of Total	52.8	53.4	53.4	53.8	53.2
% Change	4.7	4.8	5.0	6.9	4.4
Motor Vehicle Excises	\$ 32,341	\$ 30,276	\$ 27,641	\$ 24,476	\$ 21,704
% of Total	2.3	2.2	2.2	2.0	1.9
% Change	6.8	9.5	12.9	12.8	(28.0)
Other Excises ⁽²⁾	\$ 34,900	\$ 33,263	\$ 29,698	\$ 28,297	\$ 27,607
% of Total	2.4	2.5	2.3	2.3	2.4
% Change	4.9	12.0	5.0	2.5	8.5
Departmental & Other	\$ 50,241	\$ 47,968	\$ 42,724	\$ 37,386	\$ 35,338
% of Total	3.5	3.6	3.3	3.1	3.1
% Change	4.7	12.3	14.3	5.8	6.9
State Distributions	\$ 414,778	\$ 380,440	\$ 360,020	\$ 346,317	\$ 331,431
% of Total	29.0	28.2	28.0	28.4	28.7
% Change	9.0	5.7	4.0	4.5	8.3
Payment in Lieu of Taxes	\$ 56,224	\$ 52,337	\$ 49,540	\$ 47,729	\$ 48,083
% of Total	3.9	3.9	3.8	3.9	4.4
% Change	7.4	5.6	3.8	(0.7)	(2.1)
Fines	\$ 46,292	\$ 48,798	\$ 47,373	\$ 50,086	\$ 47,252
% of Total	3.2	3.6	3.7	4.1	4.0
% Change	(5.1)	3.0	(5.4)	6.0	(7.6)
Investment Income	\$ 18,526	\$ 16,588	\$ 22,925	\$ 13,010	\$ 10,752
% of Total	1.3	1.2	1.8	1.1	0.9
% Change	11.7	(27.6)	76.2	21.0	22.8
Licenses & Permits	\$ 21,833	\$ 19,009	\$ 19,970	\$ 15,152	\$ 16,839
% of Total	1.6	1.4	1.5	1.3	1.4
% Change	14.9	(4.8)	31.8	(10.0)	3.0
Total Revenues	\$ 1,429,696	\$ 1,349,256	\$ 1,287,295	\$ 1,217,283	\$ 1,151,466
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	6.0	4.8	5.8	5.7	4.1

(1) Includes only revenues recorded in the General Fund. Operating Transfers In have been excluded from all years.

(2) Other excise taxes are comprised of Hotel/Motel and Aircraft Fuel excises taxes.

	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>Source</u>
\$	586,532	\$ 564,165	\$ 530,163	\$ 477,296	\$ 454,239	Property Taxes
	53.0	51.1	47.5	42.7	41.6	% of Total
	4.0	6.4	11.1	5.1	(9.1)	% Change
\$	30,146	\$ 18,972	\$ 19,021	\$ 27,084	\$ 25,818	Motor Vehicle Excises
	2.7	1.7	1.7	2.4	2.4	% of Total
	58.9	(0.3)	(29.8)	4.9	40.6	% Change
\$	25,451	\$ 24,516	\$ 27,920	\$ 21,050	\$ 26,541	Other Excises ⁽²⁾
	2.3	2.2	2.5	1.9	2.4	% of Total
	3.8	(12.2)	32.6	(20.7)	8.0	% Change
\$	33,066	\$ 30,829	\$ 36,406	\$ 45,080	\$ 41,740	Departmental & Other
	3.0	2.8	3.3	4.0	3.8	% of Total
	7.3	(15.3)	(19.2)	8.0	(1.2)	% Change
\$	305,908	\$ 327,330	\$ 369,819	\$ 419,790	\$ 406,353	State Distributions
	27.6	29.6	33.1	37.5	37.2	% of Total
	(6.5)	(11.5)	(11.9)	3.3	6.2	% Change
\$	49,115	\$ 63,952	\$ 51,377	\$ 53,557	\$ 50,373	Payment in Lieu of Taxes
	4.4	5.8	4.6	4.8	4.6	% of Total
	(23.2)	24.5	(4.1)	6.3	(2.7)	% Change
\$	51,157	\$ 48,724	\$ 52,304	\$ 43,872	\$ 41,986	Fines
	4.6	4.4	4.7	3.9	3.8	% of Total
	5.0	(6.8)	19.2	4.5	3.5	% Change
\$	8,755	\$ 10,167	\$ 15,902	\$ 16,918	\$ 25,429	Investment Income
	0.8	0.9	1.4	1.5	2.3	% of Total
	(13.9)	(36.1)	(6.0)	(33.5)	11.2	% Change
\$	16,353	\$ 16,057	\$ 13,492	\$ 14,075	\$ 19,384	Licenses & Permits
	1.6	1.5	1.2	1.3	1.9	% of Total
	1.8	19.0	(4.1)	(27.4)	(3.0)	% Change
\$	<u>1,106,483</u>	\$ <u>1,104,712</u>	\$ <u>1,116,404</u>	\$ <u>1,118,722</u>	\$ <u>1,091,863</u>	Total Revenues
	100.0	100.0	100.0	100.0	100.0	% of Total
	0.2	(1.0)	(0.2)	2.5	(1.0)	% Change

Table-3
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Millions of \$)

Fiscal Year	Tax Levy			Tax Levy Collected Within Year of Levy			Tax Levy Net of Refunds Collected as of June 30, 1998			All Taxes Collected in Fiscal Year ⁽¹⁾
	Gross ⁽²⁾	Net	Net % Gross	Gross Amount	Gross Levy	Net Levy	Gross Levy	Net Levy		
1998	\$ 782.2	\$ 745.2	95.3%	\$ 763.6	97.6%	102.5%	\$ 761.6	97.4%	102.2%	\$ 762.6
1997	746.9	711.6	95.3%	728.6	97.5%	102.4%	725.8	97.2%	102.0%	734.5
1996	719.9	683.1	94.9%	695.6	96.6%	101.8%	687.8	95.5%	100.7%	692.2
1995	693.4	658.5	95.0%	666.7	96.1%	101.2%	652.0	94.0%	99.0%	678.6
1994	663.0	628.0	94.7%	631.9	95.3%	100.6%	618.6	93.3%	98.5%	632.4
1993	627.4	593.4	94.6%	594.3	94.7%	100.2%	578.0	92.1%	97.4%	607.8
1992	587.0	559.2	95.3%	554.1	94.4%	99.1%	532.8	90.8%	95.3%	558.5
1991	555.6	529.2	95.2%	517.8	93.2%	97.8%	495.4	89.2%	93.6%	527.4
1990	521.0	495.0	95.0%	487.1	93.5%	98.4%	475.4	91.2%	96.0%	486.4
1989	484.5	460.2	95.0%	456.2	94.2%	99.1%	441.1	91.0%	95.8%	430.5

(1) Includes the total amount of taxes (current levy, prior levies, and tax titles), net of refunds, collected during each fiscal year since 1987.

(2) Includes omitted assessments assessed in all fiscal years, and assessments for delinquent water and sewer bills of \$3.4 million, \$2.7 million, \$2.3 million and \$ 3.6 million added to tax levy in fiscal years 1995, 1994, 1993 and 1992, respectively. Water and sewer bills are rendered by the Boston Water and Sewer Commission; commencing in fiscal year 1992 certain delinquent charges were added to City tax bills.

Source: City of Boston Treasury Department

Table-4
Assessed and Estimated Market Value of All Taxable Property
 (in thousands)
 Last Ten Fiscal Years

Fiscal Year	Real Property ⁽¹⁾			Personal Property			Total		Population ⁽³⁾
	Assessed Value	Per Capita		Assessed Value	Per Capita		Assessed Value ⁽²⁾	Per Capita	
1998	\$ 29,444,968	\$ 52,769	\$	2,224,214	\$ 3,986	\$	31,669,182	\$ 56,755	558
1997	26,848,842	46,434		2,205,506	3,950		29,054,348	52,032	558
1996	25,432,925	46,434		2,086,187	3,809		27,519,112	50,243	548
1995	24,216,973	42,169		2,062,605	3,592		26,279,578	45,761	574
1994	23,215,458	40,425		1,809,288	3,151		25,024,746	43,576	574
1993	23,769,097	41,389		1,744,726	3,038		25,513,823	44,427	574
1992	26,338,862	45,864		1,519,099	2,645		27,857,961	48,509	574
1991	32,828,943	57,165		1,336,554	2,327		34,165,497	59,492	574
1990	32,449,287	56,157		1,223,936	2,118		33,673,223	58,275	578
1989	32,126,544	55,599		1,205,971	2,087		33,332,515	57,686	578

(1) Exempt residential properties not included.

(2) The assessed valuation of taxable property reflects 100% of the full and fair cash value.

(3) Population estimates are from U.S. Department of Commerce, Bureau of the Census.

Source: City of Boston Assessing Department

Table-5

Property Tax Rates
Direct and Overlapping Governments ⁽¹⁾
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Class</u>	<u>Schools</u>	<u>City General</u>	<u>Total</u>	<u>% Change</u>
1998	Residential	-	\$ 13.47	13.47	(1.9) %
	C.I.P.	-	38.45	38.45	(7.3) %
1997	Residential	-	13.73	13.73	(0.4) %
	C.I.P.	-	41.50	41.50	(2.6) %
1996	Residential	-	13.78	13.78	(0.6) %
	C.I.P.	-	42.59	42.59	(0.2) %
1995	Residential	-	13.86	13.86	(0.8) %
	C.I.P.	-	42.66	42.66	(0.1) %
1994	Residential	-	13.97	13.97	8.5 %
	C.I.P.	-	42.72	42.72	6.8 %
1993 ⁽²⁾	Residential	-	12.88	12.88	15.2 %
	C.I.P.	-	39.99	39.99	16.7 %
1992	Residential	\$ 5.97	5.21	11.18	25.2 %
	C.I.P.	18.30	15.97	34.27	36.6 %
1991	Residential	4.00	4.93	8.93	5.7 %
	C.I.P.	15.00	10.09	25.09	4.9 %
1990	Residential	4.63	3.82	8.45	6.0 %
	C.I.P.	13.09	10.82	23.91	6.6 %
1989	Residential	4.32	3.65	7.97	(26.0) %
	C.I.P.	12.16	10.28	22.44	3.6 %

(1) Real and personal property tax rates are per \$1,000 of assessed value.

(2) Beginning with Fiscal Year 1993 City and Schools rates are combined.

C.I.P. = Commercial, Industrial and Personal Property.

Source: City of Boston Assessing Department

Table-6

**Ratio of General Obligation Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita**

(in thousands)

Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Assessed Value ^{(2)(a)}	Gross Bonded Debt ⁽³⁾	Less: Self- Supporting Debt	Less: Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1998	558	\$ 31,669,182	\$ 654,520	\$ 100	-	\$ 654,420	2.1%	\$ 1,172.8
1997	558	29,054,348	602,225	150	-	602,075	2.1%	1,079.0
1996	548	27,519,112	566,745	200	-	566,545	2.1%	1,033.8
1995	574	26,279,578	545,355	335	-	545,020	2.1%	949.5
1994	574	25,024,740	528,660	530	\$ 4,446	523,684	2.1%	912.3
1993	574	25,513,823	524,480	5,050	4,680	514,750	2.0%	896.8
1992	574	27,857,962	566,225	6,680	5,948	553,597	2.0%	964.5
1991	574	34,165,497	548,690	8,920	7,790	531,980	1.6%	926.8
1990	578	33,673,223	516,324	9,519 ⁽⁴⁾	54,468	452,337	1.3%	782.6
1989	578	33,332,516	506,504	40,309	87,934	378,261	1.1%	654.4

(1) Population estimates are from Bureau of the Census.

(2) The assessed valuation of taxable property reflects 100% of the full and fair cash value.

(2a) Exempt residential properties not included.

(3) Self-supporting proprietary debt and certain notes payable are not included.

(4) The Funding Loan Act of 1982 Bonds which were outstanding as of June 30, 1989, in the amount of \$30.2 million were redeemed in full on July 1, 1989.

(5) The Debt Service Fund at the end of Fiscal Year 1995 was eliminated by a transfer to the General Fund of funds earmarked to extinguish the Rapid Transit Debt in Fiscal Year 1996.

Table-7

Computation of Legal Debt Margin
(in thousands)
June 30, 1998

Equalized Valuation as of June 3, 1996 ⁽¹⁾		31,075,294
	2.5%	5.0%
Maximum debt limits as of July 1, 1997.....	\$ 776,882	\$ 1,553,765
Additional Debt Capacity ⁽²⁾	100,000	(100,000)
	876,882	1,453,765
Less: Debt outstanding June 30, 1997 ⁽³⁾	427,838	427,838
Less: Debt authorized but unissued June 30, 1997 ⁽⁴⁾	238,663	238,663
Debt incurring capacity as of July 1, 1997.....	210,381	787,264
Add: Debt redeemed during fiscal 1998.....	33,152	33,152
Less: City council authorizations during fiscal 1998.....	118,093	118,093
Debt incurring capacity as of June 30, 1998.....	\$ 125,440	\$ 702,323

(1) Includes the value of Chapter 121A tax agreement properties.

(2) The Commonwealth's Emergency Finance Board approved \$100 million of debt capacity from the Double Debt Limit on December 10, 1997.

(3) The laws of the Commonwealth of Massachusetts provide for general debt limits for the City, consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 2.5% of the assessed valuation of taxable property in the City as last equalized by the State Department of Revenue, and may authorize debt up to this limit without State approval. The City can also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Emergency Finance Board.

(4) The debt authorized but unissued as of June 30, 1997 and City Council authorizations during fiscal 1998 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Table-8

**Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds**

(in thousands)

June 30, 1998

Boston's Direct Debt	Gross Bonded Debt ⁽¹⁾	Payable from Related Revenues ⁽²⁾	Net Bonded Debt
Issued for the Purpose of:			
Acquisition of Land; Parks/Playgrounds.....	\$ 44,829	\$ -	\$ 44,829
Acquisition of Land; Landfill.....	373	-	373
Engineering & Architectual Services.....	1,303	-	1,303
Automatic Traffic Control Signals.....	4,103	-	4,103
Departmental Equipment.....	18,253	-	18,253
Remodeling and Repairs.....	108,865	34,280	74,585
Suffolk County.....	2,457	636	1,821
Economic Development.....	9,790	-	9,790
Parking Facilities.....	1,730	-	1,730
State Urban Development - Relocation.....	35,785	-	35,785
Schools.....	183,173	108,956	74,217
Public Buildings.....	146,427	-	146,427
Public Works.....	96,716	-	96,716
Acquisition of Land; Cemeteries.....	616	616	-
Sewer.....	100	100	-
Total Direct Debt.....	\$ 654,520	\$ 144,588	509,932
Overlapping Debt	Principal Amount	% Applicable to Boston	
Mass. Bay Transportation Authority.....	\$ 338,114	42.72%	144,442
Total Direct and Overlapping Debt.....			\$ 654,374

(1) Self-supporting proprietary debt and certain notes payable are not included.

(2) Includes revenues related to or derived from facilities for which the debt was incurred. Such revenues include: (i) payments from the State for debt service on bonds issued for Suffolk County Courthouse buildings; (ii) state grants for school construction assistance pursuant to the State's Construction Aid Project; (iii) cemetery receipts; which are currently collected in the General Fund; (iv) payments from the Boston Water and Sewer Commission for debt service on outstanding sewer bonds.

Source: City of Boston Auditing Department and MBTA Treasurer-Controller.

Table-9

**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Fund Expenditures (1)**
Last Ten Fiscal Years
(GAAP Basis)
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total ⁽²⁾ General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
1998	\$ 57,574	\$ 31,857	\$ 89,431	\$ 1,345,774	6.6%
1997	54,505	32,944	87,449	1,297,404	6.7%
1996	53,595	32,189	85,784	1,235,922	6.9%
1995	53,291	29,305	82,596	1,209,846	6.8%
1994	57,410	31,861	89,271	1,022,943	8.7%
1993	53,585	34,463	88,048	981,244	9.0%
1992	53,180	32,812	85,992	1,013,551	8.5%
1991	50,579	32,317	82,896	1,045,559	7.9%
1990	81,034	29,444	110,478	1,011,850	10.9%
1989	67,872	33,061	100,933	988,481	10.2%

(1) Total principal and interest payments by the City is exclusive of Other Financing Sources.

(2) Operating Transfers Out have been excluded from all years.

Table-10
Largest Taxpayers ⁽¹⁾

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Personal Property ⁽⁶⁾</u>	<u>Real Property</u>	<u>Total Assessed Value</u>	<u>% of Total Assessed Value</u>	<u>Fiscal 1998 Taxes</u>
Boston Edison Company	Utility	912,408,890 \$	154,777,800 \$	1,067,186,690	18.8%	\$ 41,033,328
John Hancock Mutual Life Insurance Co.	Insurance	-	451,764,793	451,764,793	8.0%	17,370,356
Prudential Insurance Company ⁽²⁾	Insurance	-	681,705,000	681,705,000	12.0%	15,376,361
New England Telephone & Telegraph (NYNEX) ⁽³⁾	Utility	286,497,600	104,291,800	390,789,400	6.9%	15,024,354
Fort Hill Associates	Real Estate	-	356,179,000	356,179,000	6.3%	13,695,083
Massport ⁽⁴⁾	State Authority	-	533,152,500	533,152,500	9.4%	10,253,847
UIDC of Massachusetts, Inc.	Real Estate	-	247,955,000	247,955,000	4.4%	9,533,870
Beacon Properties ⁽⁵⁾	Real Estate	-	244,393,500	244,393,500	4.3%	9,396,930
Ronald M. Druker Trust	Real Estate	-	230,037,600	230,037,600	4.1%	8,768,170
Dewey Square Tower Associates	Real Estate	-	220,122,500	220,122,500	3.9%	8,463,710
125 High Street	Real Estate	-	215,983,500	215,983,500	3.8%	8,304,566
Olympia & York State Street Co.	Real Estate	-	212,369,000	212,369,000	3.7%	8,165,588
Equitable Federal Street Realty Co.	Real Estate	-	204,148,000	204,148,000	3.6%	7,849,491
One Federal Street	Real Estate	-	166,173,500	166,173,500	2.9%	6,389,371
Boston Gas Co.	Utility	135,978,740	22,816,000	158,794,740	2.8%	6,105,658
75 State Street	Real Estate	-	151,378,500	151,378,500	2.7%	5,820,503
Beamteff Incorporated	Real Estate	-	131,438,000	131,438,000	2.3%	5,053,791
		<u>\$ 1,334,885,230 \$</u>	<u>\$ 4,328,685,993 \$</u>	<u>\$ 5,663,571,223</u>	<u>100.0%</u>	<u>\$ 196,604,977</u>

(1) This table is compiled through a literal search of the named owner or owners of all major parcels of property in the City. This methodology does not necessarily locate parcels owned by affiliates nor does it differentiate percentage of ownership in a particular parcel.

(2) Includes \$1,161,017 in-lieu-of tax payment received from a taxpayer constituted as an urban redevelopment corporation organized under Chapter 121A of the Massachusetts General Laws.

(3) New England Telephone & Telegraph Company ("NE T&T") is the owner of record of the property used to calculate numbers. NE T&T is now Bell Atlantic.

(4) This payment is an in-lieu-of tax payment, expressly permitted by statute and paid pursuant to a contract with the City.

(5) Beacon Properties has been acquired by Equity Office Properties Trust.

(6) Pursuant to Chapter 59 of the General Laws, Section 4, personal property consists of movable physical items not permanently attached to real estate. Many items of personal property are exempt from taxation in Massachusetts. There are three general types of personal property that are taxable: business and professional furnishings; household furnishings in property other than the principal residence (for example, a summer house); and personal property of public utilities.

Source: City of Boston Assessing and Treasury Departments.

Table 11**Boston's Largest Private Sector Employers**

<u>Employer</u>	<u>Employer</u>
American Airlines, Inc.	Gillette Company
Au Bon Pain Co., Inc.	Harvard Pilgrim Health Care
BankBoston Corp.	John Hancock Mutual Life Insurance
Bell Atlantic	Liberty Mutual Life Insurance Co.
Beth Israel/Deaconess Hospital	Liberty Financial Cos. Inc.
Blue Cross & Blue Shield of Massachusetts	Marriott International
Boston Edison Company	Massachusetts Eye & Ear Infirmary
The Boston Globe	Massachusetts General Hospital
Boston Medical Center	New England Mutual Life Insurance Co.
Boston University	New England Medical Center Hospital
Brigham and Women's Hospital Inc.	Northeastern University
Carney Hospital	Putnam Investments
Children's Hospital Medical Center	St. Elizabeth's Medical Center
Coopers and Lybrand, L.L.P.	Star Market
Dana-Farber Cancer Institute	State Street Bank & Trust Co.
Delta Airlines	Stone + Webster Engineering Corp.
Faulkner Hospital	Stop & Shop
Federal Reserve Bank of Boston	Teradyne, Inc.
Filene's	Thomson Financial Services
First Security Services Corp.	USAirways
Fleet Bank of Massachusetts NA	Visiting Nurses Association of Boston
FMR Corporation (Fidelity Investments)	

Source: Survey by BRA/EDIC, conducted in 1996 - 1997.

Table-12

Comparative Office Vacancy Rates
20 Largest Downtown Office Markets
 As of June 30, 1998

City	Vacancy Rate	City	Vacancy Rate
San Francisco	3.2 %	Baltimore	12.2 %
Boston	4.4	Cleveland	12.5
Seattle	4.8	Phoenix	12.9
Manhattan, Midtown	5.1	Kansas City	14.1
Minneapolis-St. Paul	6.1	Houston	14.9
Washington, D.C.	7.9	Philadelphia	15.1
Cincinnati	8.4	Los Angeles	15.3
Manhattan, Downtown	9.4	Atlanta	16.2
Denver	9.7	Detroit	16.2
Chicago	11.1	Dallas	29.8

National Average ⁽¹⁾ 9.68%

(1) National average is based on 48 U.S. cities from the CB Richard Ellis Office Vacancy Index.

Source: CB Richard Ellis Office Vacancy Index, June 30, 1998, and the Boston Redevelopment Authority.

Table-13

Building Permit Revenue and Estimated Construction Activity
(in thousands)
Last Ten Fiscal Years

Fiscal Year	Building Permit Revenue ⁽¹⁾	Est. Potential Construction Activity ⁽²⁾	Est. Potential Construction Activity Adjusted For Inflation ⁽³⁾
1998	\$ 14,758	\$ 1,736,200	\$ 1,736,200
1997	9,200	1,082,338	1,104,928
1996	11,778	1,385,606	1,462,489
1995	7,629	897,576	972,563
1994	9,040	1,063,523	1,185,386
1993	8,832	1,039,097	1,171,122
1992	9,136	1,074,848	1,257,785
1991	6,689	786,986	936,940
1990	8,120	955,234	1,202,471
1989	11,424	1,343,934	1,783,578
Total	\$ <u>96,606</u>	\$ <u>11,365,342</u>	\$ <u>12,813,462</u>
Annual Average	\$ <u>9,661</u>	\$ <u>1,136,534</u>	\$ <u>1,281,346</u>

(1) Building permit revenue in current dollars.

(2) Construction activity estimated by dividing permit revenues by 0.85%, which is the midpoint between permit fees calculated at 0.7% of the first \$100,000 and 1% for the remainder of development cost.

(3) Estimated construction activity adjusted to January 1997 constant dollars (CPI-U).

Source: Boston Redevelopment Authority and City of Boston Auditing Department.

Table-14

Employment Trends by Industry
Last Five Fiscal Years

Industry	1993	1994	1995	% Change 1993-1995	1996	1997	% Change 1996-1997
Fishing, Mining, Agriculture	1,314	1,389	1,243	-5.4%	1,358	1,434	5.6%
Construction	11,399	12,376	13,128	15.2%	12,800	13,404	4.7%
Manufacturing	28,837	29,473	28,995	0.5%	29,069	28,340	-2.5%
Transportation/Comm./Utilities	35,629	36,222	36,130	1.4%	35,752	36,417	1.9%
Retail and Wholesale Trade	72,884	75,709	77,569	6.4%	78,974	84,021	6.4%
Finance/Insurance/Real Estate	87,990	93,035	93,489	6.2%	96,174	99,322	3.3%
Services	269,244	272,692	279,739	3.9%	286,758	294,937	2.9%
Government	96,979	95,918	97,628	0.7%	95,696	98,435	2.9%
Total	604,276	616,814	627,921	3.9%	636,581	656,310	3.1%

Figures for 1993 to 1996 are based on U.S. Bureau of Economic Analysis Series for Suffolk County, (May 1998, Revised Series (BEA Series), pro-rated to Boston geography). Data for 1997 is based on Massachusetts Department of Employment and Training ES-202 series (this series represents payroll jobs covered by the unemployment security system). These Boston employment data are used to derive an equivalent 1997 BEA series (for all jobs, full and part-time).

Source: Boston Redevelopment Authority and Massachusetts Department of Employment and Training.

Table-15
Annual Unemployment Rates

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>June ⁽¹⁾ 1998</u>
City	3.9 %	5.6 %	8.4 %	8.0 %	6.6 %	5.8 %	5.4 %	4.5 %	4.2 %	3.9 %
Boston PMSA ⁽²⁾	3.4	5.3	7.8	7.5	6.0	5.2	4.7	3.7	3.4	3.0
Massachusetts	4.0	6.0	9.1	8.6	6.9	6.0	5.4	4.3	4.0	3.5
New England	3.8	5.7	8.0	8.1	6.8	5.9	5.4	4.8	4.4	3.6
United States	5.3	5.6	6.8	7.5	6.9	6.1	5.6	5.4	4.9	4.7

(1) Monthly rates are not seasonally adjusted. Most recent data are preliminary and subject to revision.

(2) Primary Metropolitan Statistical Area, consisting of the City and 129 contiguous municipalities, with a population of approximately 3.2 million in 1990 according to the U.S. Census data.

Sources: U.S. Bureau of Labor Statistics for the United States, New England and Massachusetts, and The Massachusetts Division of Employment and Training.



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Table-16

Direct Debt Outstanding (1)
Year Ended June 30, 1998

	Balance June 30, 1997		Bond Issuances Fiscal 1998	
			General Obligation Bonds	
	Principal	Interest	Principal	Interest
General Purpose				
Cemeteries.....	\$ -	\$ -	\$ 253,889	\$ 33,450
Acquisition of Land, Parks and Playgrounds.....	37,787,400	12,300,214	10,162,174	3,693,911
Acquisition of Land, Landfill Area.....	415,000	103,750	-	-
Engineering and Architectural Services.....	355,000	44,375	1,019,190	134,278
Auto Traffic Control Signals.....	3,605,234	1,175,983	3,228,904	799,588
Computer Software.....	630,000	78,750	-	-
Computer Hardware.....	1,895,000	473,750	4,267,112	1,042,242
Departmental Equipment.....	18,644,618	2,856,211	12,214,405	1,609,842
New City Hall.....	350,000	13,838	-	-
Economic Development and Industrial Corp.....	10,736,843	4,444,099	309,398	145,195
Remodeling and Extraordinary Repairs.....	211,077,151	86,050,816	15,424,684	6,432,281
Total General Purpose	285,496,246	107,541,786	46,879,757	13,890,786
School Buildings				
Capital Improvements; Acts of 1966.....	905,000	99,732	-	-
Capital Improvements; Acts of 1973.....	5,462,013	1,193,606	49,229	23,102
Capital Improvements; Acts of 1991.....	18,301,000	9,083,666	3,444,895	1,616,623
Capital Improvements; Acts of 1996.....	3,120,000	1,560,000	1,806,387	873,870
School Project Loan; Act of 1948.....	25,680,293	6,771,920	13,149,506	6,360,431
Total School Buildings	53,468,306	18,708,924	18,450,018	8,874,027
Other Public Buildings				
Capital Improvements; Acts of 1966.....	906,485	236,207	-	-
Capital Improvements; Acts of 1973.....	44,455,869	17,107,123	1,192,335	606,605
Capital Improvements; Acts of 1991.....	19,137,303	9,121,811	14,533,786	6,930,986
Capital Improvements; Acts of 1996.....	4,080,000	2,040,000	1,134,988	547,163
Construction of Buildings; Acq. of Land.....	61,959,850	26,731,246	9,693,708	4,674,349
Total Other Public Buildings	130,539,507	55,236,387	26,554,816	12,759,103
Public Works				
Bridges.....	16,830,121	7,729,923	3,305,095	1,568,334
Public Ways.....	50,862,750	18,992,065	4,998,932	1,241,954
Sidewalks.....	15,641,620	3,043,455	1,796,001	238,521
Street Lighting.....	8,413,344	3,018,931	89,597	21,884
Total Public Works	91,747,835	32,784,374	10,189,624	3,070,692
Other				
Urban Redevelopment and Relocation.....	38,063,437	13,412,131	2,925,784	1,393,116
Parking Facilities.....	2,759,669	264,892	-	-
Sewerage Loan.....	150,000	15,525	-	-
Total Other	40,973,106	13,692,548	2,925,784	1,393,116
Total All Categories	\$ 602,225,000	\$ 227,964,019	\$ 105,000,000	\$ 39,987,724

(1) Self-supporting proprietary debt is not included.

Bond Issuances Fiscal 1998

Refunding Bonds		Refunded Bonds		Fiscal 1998 Payments		Balance June 30, 1998	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,889	\$ 33,450
6,875,134	2,163,883	6,338,315	2,671,919	3,306,556	2,036,553	45,179,836	13,449,535
-	-	-	-	16,215	19,074	398,785	84,676
-	-	-	-	71,000	15,975	1,303,190	162,678
31,077	2,585	30,000	4,440	300,872	181,788	6,534,343	1,791,927
-	-	-	-	189,500	28,350	440,500	50,400
-	-	-	-	126,000	90,013	6,036,112	1,425,980
-	-	-	-	3,960,542	889,917	26,898,481	3,576,136
-	-	-	-	320,000	8,663	30,000	5,176
685,433	464,464	626,829	519,439	1,005,094	532,604	10,099,751	4,001,715
32,791,311	16,228,341	30,249,906	19,089,350	16,159,776	11,527,474	212,883,465	78,094,613
40,382,955	18,859,272	37,245,050	22,285,148	25,455,554	15,330,411	310,058,353	102,676,285
-	-	-	-	225,000	34,155	680,000	65,577
-	-	-	-	923,967	278,517	4,587,276	938,191
-	-	-	-	937,750	905,504	20,808,145	9,794,785
-	-	-	-	156,000	152,100	4,770,387	2,281,770
1,722,316	260,633	1,615,000	397,810	5,002,866	1,333,016	33,934,249	11,662,158
1,722,316	260,633	1,615,000	397,810	7,245,583	2,703,292	64,780,057	24,742,482
-	-	-	-	321,065	60,908	585,420	175,299
4,735,963	2,361,801	4,370,604	2,745,625	4,761,188	2,557,685	41,252,374	14,772,218
498,121	408,728	456,211	186,038	938,465	841,207	32,774,534	15,434,280
-	-	-	-	204,000	198,900	5,010,988	2,388,263
2,879,098	1,846,226	2,643,409	2,057,492	4,674,833	3,147,770	67,214,413	28,046,559
8,113,182	4,616,755	7,470,224	4,989,156	10,899,551	6,806,470	146,837,730	60,816,619
1,253,566	751,818	1,149,969	854,211	1,126,423	882,459	19,112,391	8,313,404
3,216,040	1,222,898	2,993,653	1,469,705	4,128,082	2,715,146	51,955,987	17,272,065
2,117,595	730,215	1,943,426	887,286	2,507,723	811,595	15,104,066	2,313,310
2,514,901	836,480	2,311,151	1,023,966	594,894	464,440	8,111,798	2,388,890
9,102,102	3,541,411	8,398,198	4,235,169	8,357,122	4,873,640	94,284,241	30,287,669
3,534,446	2,137,725	3,241,528	2,440,739	4,552,221	2,003,225	36,729,919	12,499,007
-	-	-	-	1,029,969	150,015	1,729,700	114,877
-	-	-	-	50,000	8,625	100,000	6,900
3,534,446	2,137,725	3,241,528	2,440,739	5,632,190	2,161,866	38,559,619	12,620,784
\$ 62,855,000	\$ 29,415,797	\$ 57,970,000	\$ 34,348,022	\$ 57,590,000	\$ 31,875,679	\$ 654,520,000	\$ 231,143,839

Table-17

Authorized and Unissued Debt

(in thousands)

Balance June 30, 1997.....	\$ 452,851
Add: City Council Authorizations.....	349,865
Deduct: Bond Proceeds Transfers.....	(433)
Deduct: January 1998 G.O. Bond Issuance.....	(15,000)
Deduct: April 1998 G.O. Bond Issuance.....	(90,000)
Balance June 30, 1998.....	<u>\$ 697,283</u>

<u>City Council Authorizations:</u>	<u>Date</u>	<u>Amount</u>	<u>Authorization</u>
Acquisition of Land; Landfill Area Closing, Opening, or Making Improvements to.....	10/21/97	\$ 5,195	C44 s7 (25)
Acquisition of Land; Landfill Area Closing, Opening, or Making Improvements to.....	10/30/97	\$ 2,625	C44 s7 (25)
Acquisition of Land; Landfill Area Closing, Opening, or Making Improvements to.....	10/21/97	\$ 2,415	C642 Acts of '66 as amended, or C44 s7 (25)
Automatic Traffic Control Signals and Public Lighting.....	10/21/97	\$ 2,690	C44 s7 (14)
Acquisition of Land; Landfill Area.....	10/21/97	\$ 7,145	C44 s8 (24) as inserted by C584 s14 Acts of '87, or C29C, or C44 s7 (25)
Departmental Equipment - Various Departments.....	10/21/97	\$ 3,335	C44 s7 (9)
Departmental Equipment - Various Departments.....	10/21/97	\$ 11,165	C44 s7 (9)
Computer Hardware.....	10/21/97	\$ 1,785	C44 s7 (28)
Computer Hardware.....	11/18/97	\$ 7,630	C44 s7 (28)
Computer Software.....	10/21/97	\$ 510	C44 s7 (29)
Computer Software.....	11/18/97	\$ 500	C44 s7 (29)
School Project Loan, Act of '48.....	10/21/97	\$ 45,533	C645 s8 Acts of '48
Capital Improvements, Act of '96.....	10/28/97	\$ 7,449	C642 s7c Acts of '66 as amended, or C44 s7 (3) & (3a)
Remodeling and Repairs.....	6/1/98	\$ 22,528	C44 s7 (3) & (3a)
Remodeling and Repairs - Various Departments.....	10/21/97	\$ 675	C642 s7c Acts of '66 as amended or C44 s7 (3) & (3a)
Remodeling and Repairs - Various Departments.....	10/21/97	\$ 7,555	C642 s7c Acts of '66 as amended or C44 s7 (3) & (3a)
Remodeling and Repairs - Various Departments.....	10/21/97	\$ 5,655	C642 s7c Acts of '66 as amended or C44 s7 (3) & (3a)
Remodeling and Repairs - Various Departments.....	10/21/97	\$ 2,140	C642 s7c Acts of '66 as amended or C44 s7 (3) & (3a)
Remodeling and Repairs - Various Departments.....	10/21/97	\$ 40,670	C642 s7c Acts of '66 as amended or C44 s7 (3) & (3a)
Construction of Buildings - Various Departments.....	10/21/97	\$ 1,020	C44 s7 (3)
Urban Renewal - All Urban Renewal Areas.....	9/30/97	\$ 7,290	C121B s20
Urban Renewal - Boston Housing Authority.....	9/30/97	\$ 5,465	C121B s20
Capital Improvements - Various Departments.....	9/30/97	\$ 1,090	C642 Acts of '66, s7C as amended
Convention and Exhibition Center.....	3/11/98	\$ 157,800	C152 Act of '97
		<u>\$ 349,865</u>	

Table - 18

Property Value, Construction, Bank Deposits and Retail Sales
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Assessed Property Value ⁽¹⁾			Building Permit Revenues ⁽²⁾	Bank Deposits ⁽³⁾	Retail Sales ⁽⁴⁾ (In Millions of \$)
	Residential ^(a)	Commercial, Industrial & Personal	Total			
1998	\$ 17,456,175	\$ 14,213,007	\$ 31,669,182	\$ 14,758	\$ N/A	\$ N/A
1997	16,437,252	12,617,096	29,054,348	9,200	N/A	N/A
1996	15,709,935	11,809,177	27,519,112	11,778	33,642,153	36,565
1995	14,970,450	11,309,128	26,279,578	7,629	33,339,513	34,185
1994	14,219,593	10,805,147	25,024,740	9,040	32,211,722	33,942
1993	14,593,960	10,919,863	25,513,823	8,832	32,085,774	31,309
1992	16,086,355	11,771,607	27,857,962	9,136	33,761,555	29,701
1991	18,696,975	15,468,522	34,165,497	6,689	36,701,266	28,430
1990	18,489,546	15,183,677	33,673,223	8,119	40,590,819	28,343
1989	18,262,348	15,070,168	33,332,516	11,423	42,505,169	29,006

(1) Source: City of Boston Assessing Department

(2) Source: City of Boston Auditing Department

(3) Source: Federal Reserve Bank / FDIC "Databook Operating Banks + Branches"

(4) Source: U.S. Department of Commerce, Bureau of the Census, "Current Business Reports:
Monthly Retail Trade Data is for the five counties in metropolitan Boston: Essex, Middlesex,
Norfolk, Plymouth and Suffolk.

(a) Note: Exempt residential properties not included.

N/A: not available.

Table - 19

GENERAL INFORMATION

CITY GOVERNMENT

Date of incorporation.....	1822
Present charter first adopted.....	1909
Form of government.....	Mayor / City Council

GEOGRAPHICAL DATA

Altitude.....	28 feet above sea level
Area (square miles):	
Land.....	43.2
Water.....	2.2
Climate:	
Annual average.....	61.5
August 1998 average	80.2
November 1998 average	50.8
Rainfall in inches as of Nov. 1998.....	51.1

ELECTIONS

Registered voters as of Nov. 1998.....	249,367
% voted in last general election (Presidential).....	51.2

CITY EMPLOYEES

Total number of employees.....	18,058
City and county.....	8,958
School department.....	7,600
Exernal.....	1,500

FIRE PROTECTION

Officers and personnel.....	1,728
Stations.....	34
Calls answered.....	70,195
Inspections conducted.....	8,355

POLICE PROTECTION

Officers and personnel.....	3,006
Stations.....	11
Calls answered.....	541,084
Moving/traffic Violations.....	115,811
Parking violations.....	1,577,694

HOSPITALS

Number of hospitals.....	26
Patient beds.....	7,648
Births as of Nov. 9, 1998.....	18,368
Deaths as of Nov. 9, 1998.....	6,783

LIBRARY

Personnel full-time.....	498
Personnel part-time.....	148
Central and branch libraries.....	26
Mobile units.....	1
Books, audio and video materials, newspapers and magazines in circulation.....	6,100,000
Library cards in force.....	500,000

PUBLIC EDUCATION

Student enrollment.....	63,084
Teachers and other certified employees.....	7,348
Total number of schools.....	125

STREETS, SIDEWALKS AND BRIDGES

Streets paved in miles.....	784
Sidewalks in miles.....	1,500
Traffic signals.....	792
Parking meters.....	7,263
Bridges.....	4

PARKS AND RECREATION

Personnel.....	251
Major parks.....	4
Neighborhood and community parks.....	11
Neighborhood playgrounds.....	192
Community recreation centers.....	34
Golf courses.....	2
Swimming pools.....	20
Tennis courts.....	18

BOSTON LOGAN AIRPORT

Acreage.....	2,400
Miles of runway.....	7
Miles of taxiway.....	14
Domestic and international airlines.....	49
Passengers served in 1997 (approximately).....	25.6 million



